

THE LEVEL OF CONSUMER ETHNOCENTRISM OF INDONESIAN CONSUMERS

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ABSTRACT

The purpose of the study is to measure level of Indonesian consumer ethnocentrism. A sampling technique of this study was non-probability sampling. A total of 243 usable questionnaires were collected from Indonesian consumers. The data collection was done from September 2015 to March 2016. The study used descriptive analyses. The result showed that the overall level of consumer ethnocentrism of Indonesian consumers was high.

INTRODUCTION

Ethnocentrism is one of crucial factors to help competitive advantage of domestic products in its competition with foreign products, especially in domestic market itself (Purwanto, 2015). Therefore, former Indonesia Minister of Trade, Gita Wirjawan said that Indonesian must has pride on domestic products. Instead of use foreign product, they should love, purchase and use the domestic product (Antara News, 10/5/2013).

Seidenfuss et al (2013) measured consumer ethnocentrism for high-value consumer goods in the Association of Southeast Asian Nations (ASEAN). The empirical study confirms that for the three-country (i.e. Thailand, Malaysia, and Indonesia) regional ethnocentrism construct is as relevant as the classic country-based construct. The research concluded that regional use of campaigns with a (potentially collaborative) Made-in-ASEAN theme may reach the target group of regio-centric consumers. Hamin and Elliott (2006) found that the overall level of Indonesian consumers ethnocentrism, compared with published results for a range of countries, is notably high. Purpose of the study is to investigate the degree of Indonesian consumer ethnocentrism, especially among consumers in Jakarta.

LITERATURE REVIEW

The term “consumer ethnocentrism” is adapted by Shimp and Sharma (1987) from Sumner (1906) on the general concept of ethnocentrism. It is a feeling of superiority for one’s group and all things related to the group (Bawa, 2004). The ethnocentrism is also a sociological and a psychosocial concept that has been borrowed by marketers (Saffu and Saffu, 2005). The Consumer Ethnocentrism Scale (CETSCALE) instrument is developed by Shimp and Sharma (1987). The scale is developed to measure consumers’ ethnocentric tendencies related to purchasing foreign versus domestic products for American. Shimp and Sharma (1987) characterize the scale as a measure of “tendency” rather than “attitude.” According to Shimp and Sharma (1987) “attitude” is used most appropriately in reference to the consumer’s feelings toward a specific object, but “tendency” captures the more general notion of a disposition to act in some consistent fashion toward foreign products as a whole.

Previous studies compared level of consumer ethnocentrism among different nations. Good and Huddleston (1995) investigated ethnocentric tendencies of Polish and

Russian consumers and they found that Poles are significantly more ethnocentric than Russians. They also compared relationship consumer ethnocentrism with purchase intention between Poles and Russians and found that consumer ethnocentrism is not related to purchase intention for Poles but is related for Russians. Kaynak and Kara (2002) found that Turkish consumers had significantly different perceptions of product attributes for the products coming from countries of different levels of socio-economic and technological development. Zolfagharian and Sun (2010) found that bicultural Mexican Americans are less ethnocentric than either American or Mexican monoculturals. Zolfagharian et al. (2014) found that non-ethnocentric immigrants favor the products of economically advanced countries and that ethnocentric immigrants favor their home and host countries products relative to foreign products, regardless of the economic standing of foreign countries.

Previous studies that investigated the nature of consumer ethnocentrism was by Shimp and Sharma (1987), Durvasula et al. (1997), Brodowsky (1998) and Hult et al. (1999) in the USA, and then by Steenkamp and Baumgartner (1998), Lee and Mazodier (2015) in Great Britain, Netemeyer et al., (1991) and Hult et al. (1999) in Germany, France, Japan, Durvasula et al (1997), Good and Huddleston (1995) in Russia, Watson and Wright (1999) in New Zealand, and then Acharya and Elliott (2003), Josiassen et al (2011) in Australia, Good and Huddleston (1995) in Poland, Hult et al. (1999) in Sweden, Caruana (1996) in Malta, Steenkamp and Baumgartner (1998) in Belgium, Steenkamp and Baumgartner (1998) in Greece, Saffu et al. (2010) in Slovakia, Fernández-Ferrín et al. (2015) in Yugoslavia, Sharma et al. (1995) in Korea, Tong and Li (2013) and Meng-Lewis et al. (2014) in China, Bawa (2004) in India, Altıntaş et al. (2007) in Turkey, Akram et al. (2011) in Pakistan, and Hamín and Elliott (2006) in Indonesia.

METHOD

Sample

A sampling technique of this research was non-probability sampling. The techniques did not use chance selection procedures, but relies on the researcher's personal judgement and/or convenience (Malhotra, 2012). The questionnaires were collected and considered for this research is 243. The data collection was done from September 2015 to March 2016.

Measurement items

To measure the degree of consumer ethnocentrism, the study utilised the CETSCALE initially developed by Shimp and Sharma (1987). In previous studies, the measurement scale has been adapted by Good and Huddleston (1995), Caruana (1996), Huddleston *et. al.* (2001), Bawa (2004), Hamín and Elliott (2006), Altıntaş and Tokol (2007), Evanschitzky *et. al.* (2008), Saffu *et. al.* (2010), Josiassen *et. al.* (2011), Akram *et. al.* (2011), Kumar *et. al.* (2013), Tong and Li (2013), Meng-Lewis *et. al.* (2014), Zolfagharian *et. al.* (2014), Fernández-Ferrín *et. al.* (2015), Lee and Mazodier (2015). The CETSCALE is an additive 17-item scale that measures consumer ethnocentrism by using a seven-point Likert (1= strongly disagree to 7= strongly agree) scale for each item. Thus, CETSCALE scores can range from 17 to 119.

RESULTS

Descriptive Analysis

Profile of the respondents in the study, including sex, age, and income background are listed in Table 1 below.

Table I

	Frequency	Percent
<i>Sample Size</i>		
<i>Sex</i>		
Female	131	53.9
Male	112	46.1
Total	243	100.0
<i>Age</i>		
Under 25	199	81.9
25-39	22	9.1
40-44	15	6.2
45-54	6	2.5
Over 54	1	0.4
Total	243	100.0
<i>Income</i>		
Under IDR*1.5 M**	102	42.0
> IDR 1.5 M - 3 M	59	24.3
>IDR 3 - 5 M	35	14.4
>IDR 5M - 10 M	32	13.2
Over 10 M	15	6.2
Total	243	100.0

* Indonesia Rupiah ** M = Million

Source: SPSS 21

Scale Validity and Reliability

The Bartlett's test of sphericity and the Kaiser-Meyer-Olkin measure of sample adequacy were carried out. The results are presented in Table II. The Approx. Chi-Square were 2190.262 ($p < 0.000$) and KMO value is $0.939 > 0.50$ show that the instruments is valid.

Table II - KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.939
Bartlett's Test of Sphericity	Approx. Chi-Square
	2190.262
	df
	136
	Sig.
	.000

Table III show that Cronbach's Alpha is $0.931 > 0.70$, it is concluded that the construct is reliable.

Table III - Reliability Statistics

Cronbach's Alpha	N of Items
.931	17

Consumer Ethnocentrism in Indonesia

The total possible CETSCALE score varies between 17 and 119, due to the use of the seven-point scale. The mean scale value of CETSCALE is taken as the indicator of the intensity of consumer ethnocentrism, a higher mean scale value indicates higher consumer ethnocentrism. Comparison results of CETSCALE mean by country is as the Table IV below:

Table IV - Comparison results of CETSCALE mean by country

Author(s)	Country	Respondent	Mean	SD
Shimp and Sharma (1987)	USA	Students	51.92	16.37
	Detroit	General population	68.58	25.96
	Carolinas	General population	61.28	24.41
	Denver	General population	57.84	26.10
	Los Angeles	General population	56.62	26.37
Good and Huddleston (1995)	Poland	General population	69.19	
	Russia	General population	51.68	
Sharma et al. (1995)	Korea	General population	85.07	
Caruana (1996)	Malta	General population	56.80	18.20
Durvasula et al. (1997)	USA	Students	50.24	22.85
	Russia	Students	32.02	12.47
Steenkamp and Baumgartner (1998)	Belgium	General population	28.70	9.21
	Great Britain	General population	30.29	9.47
	Greece	General population	37.84	7.39
Acharya (1998)	Australia	Students	56.40	
Brodowsky (1998)	USA	General population	61.68	
Watson and Wright (1999)	New Zealand	General population	62.21	25.79
Hult et al. (1999)	USA	Students	61.50	19.3
	Japan	General population	40.10	17.3
	Sweden	Students and general population	38.40	18.5
		Material management professionals	13.40	1.388
Bawa (2004),	India	University students	13.24	1.549
		Senior secondary school students	13.30	1.828
		General population	74.50	
Hamin and Elliott (2006)	Indonesia	General population	74.50	
Altıntaş et al. (2007),	Turkey	General population	2.86	
Josiassen et al. (2011)	Australia	General population	3.91	1.27
Akram et al. (2011)	Pakistan	General population	1.45	0.498
Tong and Li (2013)	China	Students	62.0	
Meng-Lewis et al. (2014)	China	General population	3.33	0.98
Zolfagharian et al. (2014)	MGermany	General population	4:29	
	MUSA	General population	4:37	
	MJapan	General population	4:52	
	MMexico	General population	2:08	
	MChina	General population	2:33	
Fernández-Ferrín et al. (2015)	Yugoslavia	General population	3.01	
Lee and Mazodier (2015)	United Kingdom	General population	24.36	8.70

The total mean value for Indonesian consumers in Hamin and Elliott (2006) was 74.50 and the total mean value for the study was 72.27 (see Table V). Previous studies in several countries where the value ranges from 1.45 for Pakistan sample to 85.07 for the Korean sample, therefore, the results for Indonesia both in Hamin and Elliott (2006) and the current study place it at the high end of international comparisons (Table IV).

Table V - Statistics

CETSCALE		
N	Valid	243
	Missing	0
Mean		72.2716
Std. Error of Mean		1.22998
Std. Deviation		19.17342
Variance		367.620
Range		102.00

From Table VI, if we identify range 1 to 3 is disagree, and range 4 is neutral, and range 5 to 7 is agree, approximately, 49 per cent of the respondents believed in “Indonesian people should always buy Indonesian-made products instead of imports”. A total of 62 per cent of the respondents believed in “only those products that are unavailable in Indonesian should be imported”. A total of 73.7 per cent of the respondents believed in “buy Indonesian-made products will keep Indonesian working”. While, a majority of respondents also did not believe in “Indonesian products, first, last and foremost”, because only 34.9 per cent of the respondents who believed it. A majority of respondents did not believe in “purchasing foreign products is un-Indonesian,” because only 20.9 per cent who believed it. A majority of respondents also did not believe in “it is not right to purchase foreign products, because it puts Indonesians out of jobs”, because only 30.5 per cent of the respondents who believed in it. A total of 42.3 per cent of the respondents believed in “A real Indonesian should always buy Indonesian-made products.”

Table VI – Tendency of Consumer Ethnocentrism

Tendency statement	Strongly disagree	Disagree		Neutral	Agree		Strongly agree
	%	%	%	%	%	%	%
	1	2	3	4	5	6	7
1. Indonesian people should always buy Indonesian-made products instead of imports	4.5	5.8	19.8	20.2	22.2	10.7	16.9
2. Only those products that are unavailable in Indonesian should be imported	2.1	5.8	14.8	14.4	15.2	16.0	31.7
3. Buy Indonesian-made products. Keep Indonesian working	2.1	2.9	8.2	13.2	23.5	18.9	31.3
4. Indonesian products, first, last and foremost	6.6	9.9	18.9	29.6	18.9	7.8	8.2
5. Purchasing foreign products is un-Indonesian.	23.9	14.4	22.2	18.5	11.1	4.9	4.9
6. It is not right to purchase foreign products, because it puts Indonesians out of jobs.	10.7	13.2	23.0	22.6	16.5	10.3	3.7
7. A real Indonesian should always buy Indonesian-made products.	8.6	10.3	18.9	19.8	14.0	12.3	16.0
8. We should purchase products manufactured in Indonesia instead of letting other countries get rich off us.	4.1	7.8	14.8	19.3	18.9	18.5	16.5
9. It is always best to purchase Indonesian products.	4.9	9.9	22.2	28.4	18.5	7.8	8.2
10. There should be very little trading or purchasing of goods from other countries unless out of necessary.	3.3	5.3	17.3	20.6	23.9	21.0	8.6
11. Indonesians should not buy foreign products, because this hurts Indonesian business and causes unemployment.	8.6	12.3	20.6	20.6	18.9	10.3	8.6
12. Curbs should be put on all imports.	2.5	7.4	17.3	20.2	21.8	17.3	13.6
13. It may cost me in the long run but I prefer to support Indonesian products.	1.6	5.3	14.8	24.7	26.3	16.9	10.3
14. Foreigners should not be allowed to put their products on our markets.	11.1	17.3	22.2	18.9	16.9	10.3	3.3
15. Foreign products should be taxed heavily to reduce their entry into Indonesia	7.8	6.2	11.9	17.7	23.9	17.3	15.2
16. We should buy from foreign countries only those products that we cannot obtain within our own country.	3.7	5.8	17.3	16.9	21.8	21.0	13.6
17. Indonesian consumers who purchase products in other countries are responsible for putting their fellow Indonesians out of work.	21.8	14.8	21.4	20.2	11.1	4.9	5.8

Approximately, 53.9 per cent of the respondents believed in “we should purchase products manufactured in Indonesia instead of letting other countries get rich off us”. While a majority of the respondents did not believe in “it is always best to purchase Indonesian products”, because only 34.5 per cent of the respondents who believe in it. A total of 53.5 per cent of the respondents believed in “there should be very little trading or purchasing of goods from other countries unless out of necessary”. While a majority of the respondents did not believe in “Indonesians should not buy foreign products, because this hurts Indonesian business and causes unemployment”, because only 37.8 per cent of the respondents who believe in it. A total of 52.7 per cent of the respondents believed in “curbs should be put on all imports”.

Approximately, 53.5 per cent of the respondents believed in “it may cost me in the long run but I prefer to support Indonesian products”. While a majority of the respondents did not believe in “foreigners should not be allowed to put their products on our markets”, because only 30.5 per cent of the respondents who believe in it. A total of 56.4 per cent of the respondents believed in “Foreign products should be taxed heavily to reduce their entry into Indonesia”. A total of 56.4 per cent of the respondents believed in “we should buy from foreign countries only those products that we cannot obtain within our own country”. While a majority of the respondents did not believe in “Indonesian consumers who purchase products in other countries are responsible for putting their fellow Indonesians out of work”, because only 21.8 per cent of the respondents who believe in it.

CONCLUSION AND FUTURE RESEARCH

The result of this study showed that level of consumer ethnocentrism of Indonesian consumers was high. Indonesian consumers has high level of consumer ethnocentrism, if it was compared with consumers in USA, Great Britain, Australia, Belgium, Russia, Sweden, Greece, Poland, New Zealand, Japan, China, Turkey, India, and Pakistan. To measure the level of consumer ethnocentrism was limitation of the study. Therefore, to investigate the antecedents of consumer ethnocentrism as well as other variables that influenced by consumer ethnocentrism can be the future research.

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