

The Effect of Consumer Ethnocentrism and Social Status on Repurchase Decision of Local Cosmetic Products in Padang City

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Abstract

This study aims to analyze the influence of consumer ethnocentrism and social status on the repurchase decision of local cosmetic products in Padang City. This is a causal associative research to measure the relationship between some marketing variables influence another. Respondents in this study were the people of Padang City having purchased local cosmetic products. As many as 267 people were selected as the respondents. The data were analyzed using the structural equation model (SEM). The results of the study prove that: 1) Ethnocentrism has a positive and significant effect on the social status; 2) Ethnocentrism has no significant effect on the repurchase decision of local cosmetic products in Padang city; 3) Social status has a significant effect on the repurchase decision of local cosmetic products in Padang city.

Keywords: ethnocentrism and social status on repurchase decision

Introduction

The importance of understanding consumers' behaviour is one of the main concerns of various industries, one of which is the cosmetic industry. Marketers need to know consumers' behaviour because it will affect their style of consuming a product, especially at the time when consumers around the world are exposed to a variety of products made by local and international industries with a variety of advantages offered due to international trade.

The main factors that influence consumers' behaviour (in this sense: purchasing decision) according to Kotler (2012) are cultural, social, personal and psychological factors of the buyer. Cultural factors provide the most extensive and deep influence on consumer behaviour. Companies must know the role played by the culture, sub-culture and social class of buyers. Culture is the most fundamental cause of one's desires and behaviour. It is a collection of basic values, perceptions, desires and behaviours learned by a community member from other important families and institutions.

Each culture consists of sub-cultures - a smaller sub-culture that provides more specific identification and socialization for its members. Sub-cultures can be divided into four types: nationalism, religious groups, racial groups and geographical areas.

Many sub-cultures form important market segments and marketers often design products and marketing programs that are tailored to the needs of consumers. Today, consumers around the world can be exposed to products that exist throughout the world with varying quality and prices as a result of the existence of International trade (Teo *et al*, 2010). One of the factors that can influence consumers' behaviour is nationalism. Nationalist group consumers are called consumers with a tendency to ethnocentrism, and those opposite to that is a group that does not have the tendency of ethnocentrism.

One of the concepts related to local or international product marketing is consumer ethnocentrism. According to Schiffman (2010), one of the personality aspects that must be understood by marketers is about the level of ethnocentrism of consumers in their target markets. This is important for marketers dealing with global competition where competitors do not only come from within the country but also from other countries. Nguyen (2008) suggests that consumers in developing countries tend to believe that products made by local producers are not as good as imported products. This is a

challenge for local cosmetic brand producers to stay afloat and improve competitiveness. One of the important factors that can be used to assess the competitiveness of competing products is by measuring what consumers see from a product. How consumers perceive a product can be seen through consumers' behaviour.

Consumer ethnocentrism can influence the repurchase decision on local cosmetic products. The research from Javalgi (2005) showed that consumer ethnocentrism influences consumer purchases. Moreover, the results of Narang's research (2016) show that consumer ethnocentrism affects purchases both directly or influenced by other variables. Furthermore, the results of He's (2014) research show that ethnocentrism in the form of cultural identity influences the purchase of domestic products. The results of Banna (2017), Wel (2015) and Parts (2013) research also show that consumer ethnocentrism influences purchasing decisions. Someone who has a high level of ethnocentrism will be more likely to use local products and keep using even though there is a pull from foreign products.

Based on the results of Narang's research (2016) shows consumer ethnocentrism influences consumer purchases either directly or influenced by other variables. Furthermore, the results of the Wel (2014) study show that ethnocentrism and patriotism influence the purchase of domestic products. The results of Parts' research (2013) show that consumer ethnocentrism influences consumer buying behaviour. While the results of He's research (2014) show that someone who has ethnocentrism and a high national cultural identity will prefer and return to buy domestic products compared to imported products. Other factors that influence the Repurchase Decision local cosmetic products are social status. Social status is one of the internal factors that influence the repurchase decision, where they pay attention to the social position of individuals in a group compared to other groups. With the status of a person can interact well with each other, even a lot in everyday relationships someone does not know other people individually, but only knows their status (Syani, 2012).

Social status affects the decision to buy local cosmetics. The results of Li's research (2012) show that consumers in developing countries prefer non-local country brands, especially from the West, for reasons not only perceived quality but also social status. Khaniwale's research (2015) shows that social status which is part of social factors influences consumer purchases. Furthermore, based on the results of research Shavitt (2016) states social class determines consumer behaviour through a series of mutually supportive cultural cycles. Someone who has felt the benefits of social status from a product will buy back the product as a social status support.

Furthermore, consumer ethnocentrism can affect social status. Heydari's research (2014) shows that there is an influence of the dimensions of ethnocentrism on socioeconomic status. Furthermore, according to Shankarmahesh (2006) in Strehlau (2012) identifies four factors related to ethnocentrism, namely social-psychological, political, economic and demographic. Furthermore, the results of Caruana's (1996) study show that there is a relationship between ethnocentrism and social class. According to Awdziej (2016) consumers who are more affluent or have a high social status may not always lack ethnocentrism, but may consume foreign products as status symbols, under social pressure. Based on several opinions and the results of the study, it shows that ethnocentrism has an effect on social status. Based on the description above, the researcher would like to discuss it further and describe it in a thesis entitled "The Influence of Consumer Ethnocentrism and Social Status on the Repurchase Decision Local Cosmetic Products in Padang City"

Methods

This type of research is causal associative research. In other words, a causal design is useful for measuring the relationships between research variables or is useful for analyzing how a variable influences another variable. This research will look at the influence of consumer ethnocentrism and social status on the Repurchase Decision local cosmetic products in the city of Padang. The numbers of samples in this study were 267 respondents, namely the people of Padang city who had purchased local cosmetic products. The analysis technique used in this study is the analysis of structural equation model (SEM).

Results and Discussion

The Measurement Model shows how manifest variables (indicators) present latent variables to be measured by testing the validity and reliability of latent variables through confirmatory factor analysis (CFA). The model of confirmatory factor analysis (CFA) can be seen in the picture below:

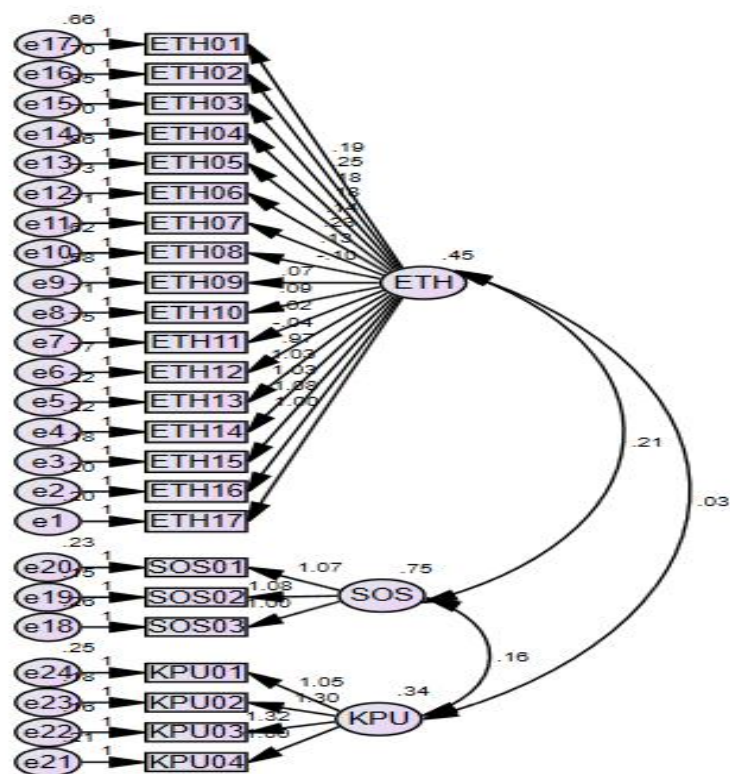


Figure 1 Confirmatory Factor Analysis Model

To see more clearly the estimate value in the CFA model above, the following Regression Weights table will be presented in table 1

In the table above it can be seen that there are items that are not yet valid, namely the 1st statement item to the 12th statement item on the variable ethnocentrism. This means that it is necessary to modify the model by issuing the invalid item. Furthermore, to see more clearly the results of the goodness of fit in this CFA analysis, the results of goodness of fit will be presented in the table below:

In table 2 can be seen Chi Square value 1201,869, the values of freedom are 249 and probability level is 0,000 <0,001. The Chi square value is quite large at 1201,869 but the Chi Square value is affected by the values of degrees of freedom. In this study the values of freedom are 249. If the degree of freedom is smaller, the chi square value will decrease. In the table above, it can be seen that the results of this model testing have many criteria that are not in accordance with the value of the provisions of critical values or it can be concluded that these criteria do not meet the criteria of goodness of fit. The test model shows that this model is not yet in accordance with the data and the model is not feasible to use or has not been fit because there are still many statement items from variables that are not yet valid, in confirmatory factor analysis, the correlation on the model has not shown a fit value. For this reason, a re-analysis is performed by issuing an invalid statement item. The results of the analysis can be seen in the CFA diagram below:

Table 1 Regression Weights: (Group number 1 - Default model)

			Estimate	P
ETH17	<---	ETH	1.000	
ETH16	<---	ETH	1.084	***
ETH15	<---	ETH	1.033	***
ETH14	<---	ETH	1.029	***
ETH13	<---	ETH	.966	***
ETH12	<---	ETH	-.036	.665
ETH11	<---	ETH	.017	.834
ETH10	<---	ETH	.088	.270
ETH09	<---	ETH	.072	.318
ETH08	<---	ETH	-.101	.181
ETH07	<---	ETH	.131	.103
ETH06	<---	ETH	.225	.006
ETH05	<---	ETH	.142	.106
ETH04	<---	ETH	.182	.022
ETH03	<---	ETH	.176	.045
ETH02	<---	ETH	.254	.001
ETH01	<---	ETH	.193	.013
SOS03	<---	SOS	1.000	
SOS02	<---	SOS	1.083	***
SOS01	<---	SOS	1.068	***
KPU04	<---	KPU	1.000	
KPU03	<---	KPU	1.322	***
KPU02	<---	KPU	1.303	***
KPU01	<---	KPU	1.054	***

Source: Research Results, 2018

Table 2 Results of the Goodness-of-fit Model CFA Test

No	Index	Critical Value	Results	Model Evaluation
1	Chi Square	-	1201,869	Fit
2	CMIN/DF	<2,00	4,827	Not Fit
3	CFI	≥0,95	0,703	Not Fit
4	RMSEA	≤0,08	0,120	Not fit
5	TLI	≥0,90	0,671	Not Fit
6	GFI	≥0,90	0,707	Not Fit
7	AGFI	≥0,90	0,647	Not Fit
8	NFI	≥0,90	0,665	Not Fit
9	PCFI	>0,6	0,634	Fit

Source: Research Results, 2018

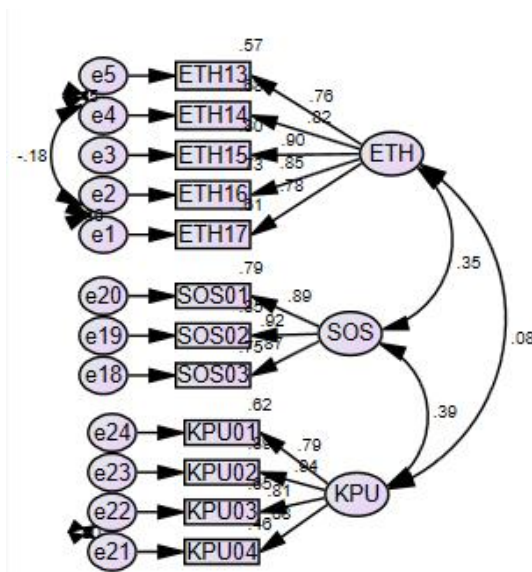


Figure 2 Confirmatory Factor Analysis

To see more clearly the output value estimate in the CFA model, the following Regression Weights table will be presented in table 3 below:

Table 3 Regression Weights: (Group number 1 - Default model)

			Estimate	P
SOS03	<---	SOS	1.000	
SOS02	<---	SOS	1.078	***
SOS01	<---	SOS	1.066	***
KPU04	<---	KPU	1.000	
KPU03	<---	KPU	1.388	***
KPU02	<---	KPU	1.627	***
KPU01	<---	KPU	1.231	***
ETH15	<---	ETH	1.153	***
ETH13	<---	ETH	.961	***
ETH14	<---	ETH	1.086	***
ETH16	<---	ETH	1.154	***
ETH17	<---	ETH	1.000	

Source: Research Results, 2018

In table 3 above it can be seen that the estimated value of the statement item for each variable is valid. The results of the confirmatory factor analysis above show that the Chi Square value is 164,198 with probability 0,000 and all variable items show valid results which means that the model in this study is fit. The results of goodness of fit can be seen in the table below:

In table 4 above can be seen that the chi square value is smaller than the previous chi square value. Then it can also be seen that each criterion meets the criteria for goodness of fit, so it can be concluded that the model in this study is in accordance with the data and feasible to use and can be continued with structural model analysis.

Table 4 Results of the Goodness-of-fit Model CFA Test

No	Index	Critical Value	Results	Model Evaluation
1	Chi Square	-	164,198	Fit
2	CMIN/DF	<2,00	3,494	Marginal
3	CFI	$\geq 0,95$	0,953	Fit
4	RMSEA	$\leq 0,08$	0,097	Marginal
5	TLI	$\geq 0,90$	0,933	Fit
6	GFI	$\geq 0,90$	0,911	Fit
7	AGFI	$\geq 0,90$	0,853	Marginal
8	NFI	$\geq 0,90$	0,935	Fit
9	PCFI	$> 0,6$	0,678	Fit

Source: Research Results, 2018

Structural Test Model

Testing the structural model aims to determine the percentage of variants of each endogenous construct in the model that is explained by the exogenous construct. The structural model can be seen in the picture below:

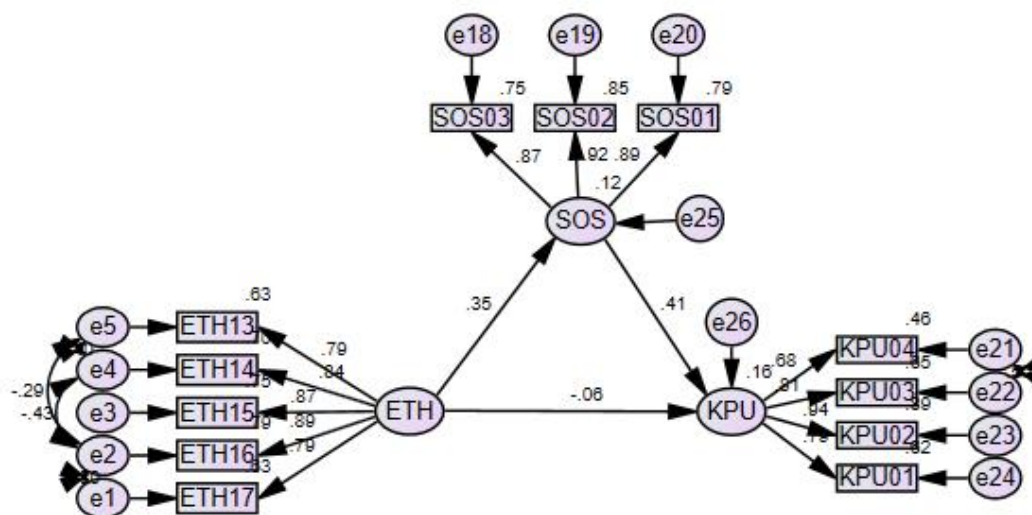


Figure 3 Structural Model

To see the estimated output value in the above structural model test, the output estimate will be presented in the table.

Regression weights results show that the estimated value is valid for each statement item. The above structural model shows the chi square value of 160,220 degrees of freedom value of 46 with a probability level of 0,000, the value of CFI value of 0.954 has met the criteria of fit. To see more clearly the criteria for goodness of fit in the structural model, it will be presented in the table below:

Table 5 Regression Weights: (Group number 1 - Default model)

			Estimate	P
SOS03	<---	SOS	1.000	
SOS02	<---	SOS	1.075	***
SOS01	<---	SOS	1.062	***
KPU04	<---	KPU	1.000	
KPU03	<---	KPU	1.385	***
KPU02	<---	KPU	1.627	***
KPU01	<---	KPU	1.231	***
ETH15	<---	ETH	1.103	***
ETH13	<---	ETH	.993	***
ETH14	<---	ETH	1.097	***
ETH16	<---	ETH	1.193	***
ETH17	<---	ETH	1.000	

Source: Research Results, 2018

Table 6 Results of Goodness-of-fit Model Testing

No	Index	Critical Value	Results	Model Evaluation
1	Chi Square	-	160,220	Fit
2	CMIN/DF	<2,00	3,483	Marginal
3	CFI	≥0,95	0,954	Fit
4	RMSEA	≤0,08	0,097	Marginal
5	TLI	≥0,90	0,934	Fit
6	GFI	≥0,90	0,913	Fit
7	AGFI	≥0,90	0,853	Marginal
8	NFI	≥0,90	0,937	Fit
9	PCFI	>0,6	0,665	Fit

Source: Research Results, 2018

Based on the table above, it can be seen that the Chi Square value is 160,220. CMIN / DF is 3.483> from 2.00 so the conclusion of the model evaluation is Marginal. The CFI value is 0.954 ≥0.95 so the conclusion of the evaluation model is fit. The RMSEA value is 0.097 close to 0.08, so the conclusion of the evaluation model is marginal. TLI value is 0.934 ≥ 0.90, and then the conclusion of the evaluation model is fit. The GFI value is 0.913 of 0.90, so the conclusion of the evaluation model is fit. The AGFI value is 0.853 close to 0.90, so the conclusion of the evaluation model is marginal. The NFI value is 0.937 ≥0.90, then the conclusions of the model evaluation are fit, and the PCFI value is 0.665 of 0.6, so the conclusions of the model evaluation are fit. Based on the explanation above, it can be concluded that the model in this study is fit; the numbers on some criteria are close to the characteristics of fit, so the model in this study is suitable for use.

Hypothesis 1, The influence between consumer ethnocentrism and social status is CR value of 5.259 ($p = 0.000 \leq 0.05$), therefore consumer ethnocentrism has a significant and positive effect on social status. Hypothesis 2, The influence between consumer ethnocentrism and repurchase decisions is the CR value of -0.851 ($p = 0.000 > 0.395$) so consumer ethnocentrism has a negative and insignificant effect on repurchase decisions. Hypothesis 3 The influence of social status with the Repurchase Decision there is a CR value of 5.663 ($p = 0.000 \leq 0.05$) then the social status has a significant and positive effect on the Repurchase Decision.

Discussion

Effect of Ethnocentrism on Social Status

Based on the results of the analysis it can be seen that ethnocentrism has a significant effect on social status. That is, the higher ethnocentrism will increase social status. This finding is in line with the results of Heydari's (2014) study which shows that there is an influence of the dimensions of ethnocentrism on socioeconomic status. Furthermore, according to Shankarmahesh (2006) in Strehlau (2012) identified four factors related to ethnocentrism, namely social-psychological, political, economic and demographic. Furthermore, the results of Caruana's (1996) study show that there is a relationship between ethnocentrism and social class. According to Awdziej (2016) consumers who are more affluent or have a high social status may not always lack ethnocentrism, but may consume foreign products as status symbols, under social pressure. Based on several opinions and results of the study, it shows that ethnocentrism has an effect on social status.

This finding shows that the relationship between consumer ethnocentrism and social status has a positive attitude, meaning that the increasing understanding of consumer ethnocentrism will increase the consumer social status of local cosmetic products in the city of Padang. Furthermore, the assessment of hypotheses certainly cannot be separated from the perception or assessment of the average score of the two variables in this hypothesis. The understanding of ethnocentrism in customers as a whole is still relatively high. Some indications can be seen from the assessment of the statement items, namely feeling good to support local cosmetic products, and buying local cosmetic products because they reflect Indonesian identity. The second is the fact that reveals the understanding of Ethnocentrism in local cosmetic customers in the city of Padang.

Effect of Ethnocentrism on Repurchase Decisions.

Based on the results of the analysis it can be seen that ethnocentrism has no significant effect on repurchase decisions. That is, ethnocentrism does not contribute to the Repurchase Decision. The results of this study are not in line with the results of Javalgi (2005) research showing that consumer ethnocentrism influences consumer purchases. Then the results of Narang's research (2016) show that consumer ethnocentrism affects purchases both directly or influenced by other variables. Furthermore, the results of He's (2014) research show that ethnocentrism in the form of cultural identity influences the purchase of domestic products. The results of Banna (2017), Wel (2015) and Parts (2013) research also show that consumer ethnocentrism influences purchasing decisions. Someone who has a high level of ethnocentrism will be more likely to use local products and keep using even though there is a pull from foreign products.

The results of this study indicate that there is no direct influence between ethnocentrism on consumer purchasing decisions. But ethnocentrism influences repurchase decisions through social status. Shankarmahesh (2006) suggests that the antecedents of ethnocentrism are not only from the socio psychological factor (cultural openness, worldview, patriotism, conservatism, collectivism-individualism, animosity, materialism, list of values, saliance, and dogmatism), but also economic environmental factors, political, demographic (age, gender, education, income, ethnic group, and social class).

Effect of Social Status on Repurchase Decisions

Based on the results of the analysis it can be seen that social status has a significant effect on repurchase decisions. That is, the higher the social status of eating will increase the decision to repurchase local cosmetic products in the city of Padang. The results of this research are in line with Narang's research (2016) showing social status influencing consumer purchases. Then, according to Li (2012) consumers in developing countries prefer non-local origin country brands, especially from the West, for reasons not only perceived quality but also social status. Khaniwale's research (2015) shows that social status which is part of social factors influences purchasing. Then the results of Iftikhar (2013) and Iqbal (2011) show that social class influences purchasing decisions. Furthermore, based on the results of research Shavitt (2016) states social class determines consumer behaviour through a

series of mutually supportive cultural cycles. Someone who reconciles the benefits of social status from a product will again use the product which can improve their social status.

Furthermore, the assessment of hypotheses certainly cannot be separated from the perception or assessment of the average score of the two variables in this hypothesis. Some indications can be seen from the assessment of the statement item variable purchase decisions will use local cosmetic products every chance and other statements that are always using local cosmetics. Both of these statements are facts that reveal the existence of repurchasing behaviour in local cosmetic products in the city of Padang.

Conclusions

Based on the results of the study, some conclusions can be drawn as follows: (1) Ethnocentrism has a positive and significant effect on social status in local cosmetic products in the city of Padang; (2) Ethnocentrism has no significant effect on the Repurchase Decision local cosmetic products in the city of Padang; (3) Social status has a significant effect on the Repurchase Decision local cosmetic products in Padang City.

Based on the results of the research and conclusions, the suggestions that the authors can provide to improve consumer repurchase decisions on local cosmetic products in the city of Padang are: (1) Making local cosmetic products can improve the user's social status by displaying a modern impression on consumers when using the product local cosmetics, making local cosmetic product brands that must be used by consumers, making local cosmetic products that can indicate the status of consumers who use them; (2) Improve consumer ethnocentrism by increasing Habituation of consumers by making local cosmetic products because of their habits, buying local cosmetic products because they are familiar with local cosmetic products, buying local cosmetic products because they follow consumption patterns passed on by family members; improve consumer Cognition by making consumers do not need further information to assess product quality, make consumers consider local cosmetic products better than imported cosmetic products, and make local cosmetic products made to high standards; improve consumer Reflection (Reflexivness) by making consumers sure to buy local cosmetic products if the campaign in the mass media promotes local cosmetic products, makes consumers aware of the impact on the economy on the consumption of foreign products, and makes consumers stop buying foreign products through government campaigns to make people are aware of the positive impact of consumption of local products on the Indonesian economy; Improving Prosociality by making consumers buy local cosmetic products because they reflect Indonesian identity, making consumers believe that buying local cosmetic products is a moral obligation, making consumers feel good to support local cosmetic products, and making consumers use local cosmetic products because of workers' considerations Indonesia; Improving consumer insecurity by making consumers consider increasing imports of foreign cosmetic products resulting in a greater unemployment rate, making consumers buy cosmetics products abroad as a threat to the domestic economy.

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