



The Effect of Consumer Ethnocentrism on Purchase Intention of Indonesian Local Fashion Brands

Achmad Afriadi Trisatya^(✉) and Yeni Absah

Universitas Sumatera Utara, Medan, Indonesia
achmad.a.trisatya@gmail.com

Abstract. There is a decline and lack of consumer interest in buying local Indonesian fashion products; however, many potential fashion brands are emerging and growing in Indonesia. A strategy is needed to increase local brand awareness among consumers in Indonesia, especially consumer ethnocentrism. It is known that the more ethnocentric a group of consumers is, the more important it is to them where the product comes from, and the impact is the more active they are in seeking information about the product. Ethnocentric consumers also create a value that can influence others; the value is considered important to explain that their products are much better than other people's products. This study is a quantitative descriptive study that aims to determine the relationship between research variables, namely consumer ethnocentricity, brand value, and intention to buy local products. This study used a sampling technique that is purposive sampling. The data analysis technique used was the PLS-SEM test. The empirical results from PLS-SEM show that the effect of consumer ethnocentrism on brand value proved to have a positive and significant effect. Second, the effect of consumer ethnocentrism on purchase intention proved to have a positive and significant effect. Third, the effect of brand value on purchase intention proved to have a positive and significant effect.

Keywords: consumer ethnocentrism · brand value · purchase intention

1 Introduction

The development of globalization has caused many changes in the development of markets and products sold in the market. Products offered to consumers are no longer limited to consumers' areas but can be from anywhere nationwide or even worldwide. However, globalization and free markets do not always benefit all parties.

The latest Katadata Insight Center (KIC) survey shows that 34.2% of Indonesian consumers like clothes from abroad, and 42.9% like shoes from abroad [1]. Then, the Minister of Tourism and Creative Economy, Wishnutama, conveyed that encouraging Indonesian consumers to use local clothing products is a challenge, "encouraging Indonesian to buy local culinary products is rather easy, but it comes to crafts and fashion, Indonesians still like foreign products" [1].

© The Author(s) 2023

W. R. Murhadi et al. (Eds.): INSYMA 2022, AEBMR 223, pp. 887–895, 2023.

https://doi.org/10.2991/978-94-6463-008-4_111

Considering this, it is known that there is a decline and a lack of consumer interest in buying local Indonesian products, especially fashion products. However, several articles show different information that Indonesian consumers' interest in buying local clothing products is increasing.

A strategy is needed to increase the market share of local products to compete with global or imported products, especially in attracting local markets. It is known that the more ethnocentric a group of consumers is, the more important it is to them where the product comes from, and the impact is the more active they are in seeking information about the product [2]. This result is also reinforced by Frenandez and Murti [3] that revealed consumer ethnocentrism has a significant effect on product purchase intentions.

However, some studies have shown different results. Seitz et al. [4] stated that the more ethnocentric consumers are, the less complex their curiosity about a product will be. Sousa et al. [5] stated that the correlation between consumer ethnocentrism and purchase intention was not significant.

Based on the research gap in these studies, the authors are interested in conducting research using the consumer ethnocentrism variable and its relation to the intention to buy local fashion products. Consumer ethnocentrism is the belief held by (American) consumers about propriety, especially morals, in buying foreign products [4].

Ethnocentric consumers also create a value that can influence others, the value is considered important to explain that their products are much better than other people's products. Several studies explained that ethnocentric consumers have a positive and significant influence on purchase intention through brand value and brand image. The research conducted by Seitz et al. [4] found that ethnocentrism as capital to declare superior products requires a high product value through the image, so that decision making is through purchase intention of local products. Sousa et al. [5] explained that the product's superiority gives a positive impression of a superior product.

1.1 Consumer Ethnocentrism

Consumer ethnocentrism refers to the belief held by consumers regarding the appropriateness and morality of buying foreign-made products [6]. Purchasing foreign goods is undesirable from this perspective since it is considered damaging to the consumer's home country's economy and so unpatriotic. As a result, consumer ethnocentrism seems to be more likely to highlight the benefits of native items while ignoring the benefits of foreign products [6].

According to Kaynak and Kara [21], in developing countries, ethnocentrism has a relationship with several factors, namely social development (economic and technological) and the dimensions of the lifestyle of the country of origin. In general, consumers in developed countries have a higher quality perception of domestic products than foreign products. This condition causes the impact of ethnocentrism on the purchase of domestic products and the rejection of foreign products is getting stronger [17]. However, in developing countries such as Romania and Turkey [18], India, [19] and China [20], consumers generally view foreign products more than domestic products, especially products made from countries that have a better image of these products.

1.2 Purchase Intention

According to Qing et al. [7] about the theory of planned behavior (TPB), consumer buying behavior is initially determined by purchase intentions and is ultimately determined by their attitudes. This means that purchase intention is the initial attitude taken by consumers before making a purchase. Product evaluation is one of the most fundamental aspects of consumer behavior, in which customers examine the features of various products and make purchasing decisions [8]. In evaluating product attributes, consumers will have an interest or not buy the product. This happens because consumers will receive a stimulus from something in the evaluation [9] proposed that one of the psychological factors that has a significant impact on behavioral attitudes is interest. Purchase intention is a psychological behavior that stems from a person's feelings (affective) and thoughts (cognitive) about a product or service they want. Purchase intention can be defined as a positive attitude toward an object that motivates people to try to obtain it by paying money or making a sacrifice.

1.3 Brand Value

According to Kotler and Keller [22], "brand value or customer value refers to the difference between the prospective customer's evaluation of all the benefits and costs of an offering and the perceived alternatives." It's the gap between total customer value and total customer expense, in other words. The benefits that customers expect from a product or service are referred to as total customer value. Total customer value refers to the set of expenditures that consumers anticipate incurring when evaluating the purchase, use, and disposal of goods and services. The manufacturer's brand value delivers emotional value to consumers, rational value to business clients, and reflects the manufacturer's operational efficiency as a key component of the value it delivers to consumers and business customers [10]. A brand that can provide these three types of value to its customers can generate demand for its products in a competitive market [13]. Fulfilling the demand generated through brand value requires brands to shift their focus back to their corporate activities [12]. The theory also considers the contemporary definition of brand value provided by studies such as Alazaizeh et al. [11] as a strategic outcome of a company's marketing initiatives that are useful for measuring the effectiveness of other organizational strategies. This definition allows the authors to argue that such business requirements encourage brand managers to consider the different activity orientations of their companies towards smooth delivery of the promises made by their brands to different sets of customers through brand values.

1.4 Consumer Ethnocentrism Implication on Purchase Intention Through Brand Value

Kaynak and Kara [21] suggested that in emerging countries, ethnocentrism is influenced by a number of other elements, including the country's level of social development, particularly its economy and technology, as well as the lifestyle dimensions of the place of origin. In a developed country, consumers generally perceive domestic items to be of higher quality than foreign products. This view is likely to amplify ethnocentrism's

influence on both the purchase of home goods and the refusal of foreign goods. [17]. The manufacturer's brand value delivers emotional value to consumers, rational value to business clients, and reflects the manufacturer's operational efficiency as an important component of the value it delivers to consumers and business customers [10]. Product evaluation is one of the most fundamental aspects of consumer behavior, in which customers examine the features of various products and make purchasing decisions [8]. In evaluating product attributes, consumers will have an interest or not buy the product. This happens because consumers will receive a stimulus from something in the evaluation. Shiffman and Kanuk [9] suggested that one of the psychological factors that has a significant impact on behavioral attitudes is interest. The research results by Lien et al. [14] and Rangarajan et al. [16] explained that value affects purchase intentions as a basis for purchase decision-making.

Ethnocentric consumers also create a value that can influence others; the value is considered important to explain that their products are much better than other people's products. Several studies explained that ethnocentric consumers have a positive and significant influence on purchase intention through brand value. The research conducted by Seitz et al. [4] found that ethnocentrism as capital to declare superior products requires high product value through brand value, so that decision making is through purchase intention of local products. The results of Sousa et al. [5] explained that the superiority of a product affects a positive impression to be developed as the basis for buying intentions through brand value.

2 Research Methods

This study is a quantitative descriptive study that aims to determine the relationship between research variables, namely consumer ethnocentricity, brand value, and intention to buy local products. Quantitative descriptive research is a study to find and explain causal relationships between variables through hypothesis testing [15]. The research location was conducted in Medan where the object of this research is the millennial generation who use local products native to Indonesia. The research population was the entire millennial generation who used local fashion products. This study used a sampling technique of purposive sampling. Researcher used purposive sampling for selecting research samples based on certain criteria with the goal of making the data collected subsequently more representative [13]. The targeted sample size was 100 respondents. Purposive sampling used special criteria: respondents who have purchased local fashion products, aged 15 to 30 years and are willing to fill out a questionnaire. The research was conducted in several stages, namely the preliminary stage, data analysis, data interpretation, and conclusion. The preparatory stage was conducted by gathering data and then identifying the study's phenomena. The data analysis stage, which used a structural equation model based on partial least squares, was the second stage. The third stage involved data interpretation, which involved evaluating the projected values for each variable and comparing them to theory and past research findings. Interpretation can be used to prove or refute a theory, as well as to build new theories to use as a reference for research findings.

3 Results and Discussion

Data collection was carried out using a questionnaire with Google Form given to 100 millennials in Medan as respondents. The respondents came from different backgrounds, namely gender, age, and regional origin. Respondents gave different consumer ethnocentrism, brand value, and purchase intention assessments. Based on Table 1, out of 100 respondents, 34 people or 34% were males, and 66 people or 66% were females. This explains that most respondents who filled out online questionnaires were females. Table 1 shows that all respondents were age 18 to 23 years.

Table 2 shows that the overall value of the factor loading on each indicator item meets the criteria, i.e. it is greater than 0.60. The results of the variance retrieved from all constructs have a satisfactory AVE value, as shown in Table 2, because they meet the cut-off value above 0.50. Furthermore, the composite reliability value for each variable is >0.6, and the Cronbach’s alpha value for each variable is >0.6, as shown in Table 2. As a result, the data used in this investigation can be determined to be reliable.

Table 2 depicts that the value of discriminant validity >0.7 so that the overall variable construct is valid. Table 2 also shows the value of R-Squared is good.

According to Fig. 1, the CE variable has the largest coefficient value (0.804), indicating that CE3 has the highest relationship among the other indicators. CE6, with a value of 0.603, is the lowest. The BV5 variable has the highest correlation among all indicators, with a value of 0.867; the lowest value is BV2 with a value of 0.774. The PI variable has the highest value, 0.808, and the strongest relationship among other indicators; the PI2 variable has the lowest value, 0.768 (Table 2).

3.1 Consumer Ethnocentrism Implication on Brand Value

The results of the first hypothesis testing show p value of 0.000, less than 0.05, therefore the first hypothesis is supported. The t value is 10.309 > t table (1.96). These results indicate that consumer ethnocentrism has a significant positive impact on brand value. This study supports Seitz et al. [4] and [5] that explained consumer ethnocentrism has a significant effect on brand value.

Table 1. Demography of Sample

No	Gender	Frequency	Percentage
1.	Male	34	34%
2.	Female	66	66%
No	Age	Frequency	Percentage
1.	18–23 Years	100	100%
2.	>24 Year	0	0%

Source: Processed data, 2022

Table 2. Convergent Validity, Construct Reliability, AVE, and Cronbach's Alpha

	Item	Convergent Validity	Construct Reliability	AVE	Cronbach's Alpha	Discriminant Validity	R-Squared
Consumer Ethnocentrism	CE1	0.641	0.915	0.578	0.891	0.692	
	CE2	0.617					
	CE3	0.804					
	CE4	0.683					
	CE5	0.753					
	CE6	0.603					
	CE7	0.729					
	CE8	0.733					
	CE9	0.680					
	CE10	0.637					
	CE11	0.699					
Brand Value	BV1	0.813	0.924	0.670	0.902	0.819	0.389
	BV2	0.774					
	BV3	0.851					
	BV4	0.775					
	BV5	0.867					
	BV6	0.827					
Purchase Intention	PI1	0.808	0.909	0.684	0.884	0.827	0.664
	PI2	0.768					
	PI3	0.817					
	PI4	0.869					
	PI5	0.868					

Source: Processed primary data

The result of testing the second hypothesis yields a p-value of 0.000 (<0.05) so that the second hypothesis is supported. The value of t statistic is 3.133 (>1.96). These results indicate a positive and significant effect of consumer ethnocentrism on purchase intention. This research is in line with previous research which explains that the higher the consumer's ethnocentrism, the stronger the intention to buy the product [3].

Based on the test results, the p significance value of the third hypothesis is 0.000 (<0.05), meaning that the third hypothesis is supported. The value of t statistic is 10,492 (>1.96). These results explain that the increase in brand value will significantly increase purchase intention. This study aligns with Lien et al. [14] and Rangarajan et al. [16], which explained that value affects purchase intentions.

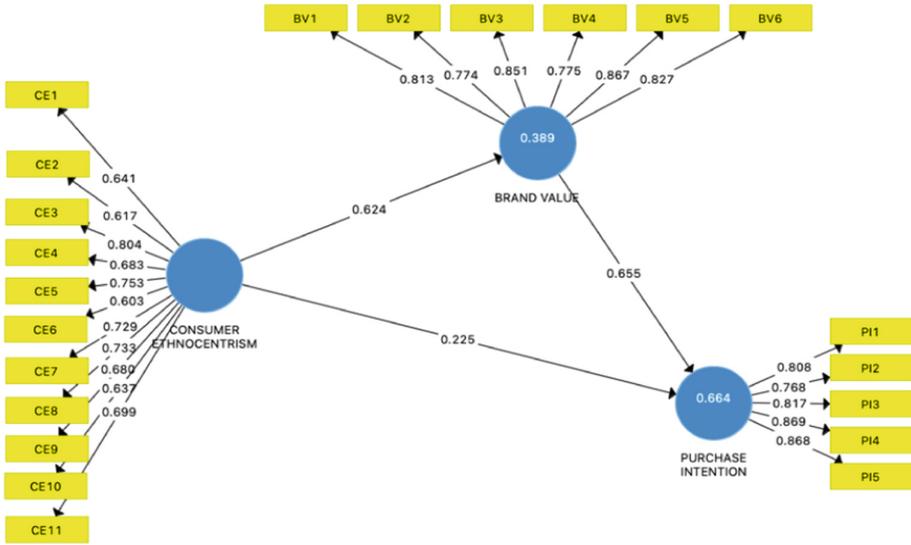


Fig. 1. PLS-SEM Algorithm (Source: Processed primary data)

Table 3. Research Model Estimation (N: 100)

Direct effect	T Statistics	P Significant
CE → BV	10.309	0.000
CE → PI	3.133	0.002
BV → PI	10.492	0.000

Source: Processed primary data, 2022

4 Conclusion

The study results show the following. First, the findings of a study on the impact of customer ethnocentrism on brand value revealed that it had a positive and significant impact. Second, the findings of a study that looked at the impact of consumer ethnocentrism on purchase intent revealed that it had a favorable and significant impact. Third, the findings of the study that looked at the impact of brand value on purchase intent showed that it had a favorable and significant impact.

Acknowledgments. The Ministry of Education and Culture of the Republic of Indonesia has provided us with assistance. We also wish to express our gratitude for the Universitas Sumatera Utara’s attention and support.

References

1. Sofia, H. (2021, April 13). *Kaum milenial didorong gunakan produk lokal untuk semua kebutuhan*, Antara. Accessed February 24, 2022, from <https://www.antaranews.com/berita/2098410/kaum-milenial-didorong-gunakan-produk-lokal-untuk-semua-kebutuhan>
2. Fernandez-Ferrin, P., Bande, B., Martin-Consuegra, D., Diaz, E., & Kastenholz, E. (2019). Sub-national consumer ethnocentrism and the importance of the origin of food products: An exploratory analysis. *British Food Journal*, 122(3), 995–1010.
3. Fernandez, D., & Murti, W. (2019). Analisis Gaya Hidup dan Etnosentrisme Konsumen terhadap Persepsi Kualitas serta Implikasinya terhadap Niat Beli Konsumen (Studi Kasus pada Pengguna Smartphone Smartfren Andromax Pungunjung ITC Roxy Mas Jakarta). *Jurnal Manajemen FE UB*, 07(1), 141–160.
4. Seitz, C. C., & Roosen, J. (2015). Does consumer ethnocentrism influence product knowledge? *Food Quality and Preference*, 43, 113–121.
5. Sousa, A., Nobre, H., & Farhangmehr, M. (2018). The influence of consumer cosmopolitanism and ethnocentrism tendencies on the purchase and visit intentions towards a foreign country. *International Journal of Digital Culture and Electronic Tourism*, 2(3), 175–184.
6. Wei, Y. (2008). Does consumer ethnocentrism affect purchase intentions of Chinese consumers? Mediating effect of brand sensitivity and moderating effect of product cues. *Journal of Asia Business Studies*, 3(1), 54–66.
7. Qing, P., Lobo, A., & Chongguang, L. (2012). The impact of lifestyle and ethnocentrism on consumers' purchase intentions of fresh fruit in China. *Journal of Consumer Marketing*, 29(1), 43–51.
8. Fakhmanesh, S., & Miyandehi, R. G. (2013). The purchase of Foreign products: the role of brand image, ethnocentrism and animosity: Iran market evidence. *Iranian Journal of Management Studies (IJMS)*, 6(1), 147–162.
9. L.G. Shiffman, L.L. Kanuk, *Consumers Behavior. Seventh Edition*, Jakarta:Indeks, 2008.
10. Foroudi, P., Jin, Z., Gupta, S., Melewar, T. C., & Foroudi, M. M. (2016). Influence of innovation capability and customer experience on reputation and loyalty. *Journal of Business Research*, 69(11), 4882–4889.
11. Alazaizeh, M. M., Hallo, J. C., Backman, S. J., Norman, W. C., & Vogel, M. A. (2016). Value orientations and heritage tourism management at Petra Archaeological Park, Jordan. *Tourism Management*, 57, 149–158.
12. Bao, Y., Bao, Y., & Sheng, S. (2011). Motivating purchase of private brands: Effects of store image, product signatureness, and quality variation. *Journal of Business Research*, 64(2), 220–226.
13. Razmus, W., Jaroszyńska, M., & Palega, M. (2017). Personal aspirations and brand engagement in self-concept. *Personality and Individual Differences*, 105, 294–299.
14. Lien, C. H., Wen, M. J., Huang, L. C., & Wu, K. L. (2015). Online hotel booking: The effects of brand image, price, trust and value on purchase intentions. *Asia Pacific Management Review*, 20, 210–218.
15. Ferdinand, A. (2014). *Metode Penelitian Manajemen (5th Ed.)*. Semarang: Seri Pustaka Kunci 12.
16. Rangarajan, D., Gelb, B. D., & Vandaveer, A. (2017). Strategic personal branding-and how it pays off. *Business Horizons*. <https://doi.org/10.1016/j.bushor.2017.05.009>
17. Ahmed, S., & d'Astous, A. (2001). Canadian consumers' perceptions of products made in newly industrializing east Asian countries. *Journal of International Consumer Marketing*, 11(1), 54–81.
18. Ger, G., Belk, R. W., & Lascu, D. N. (1993). The development of consumer desire in marketing and developing economies: The cases of Romania and Turkey. *Advances in Consumer Research*, 20, 102–107.

19. Batra, R., Venkatram, R., Alden, D. L., Steenkamp, J. E. M., & Ramachander, S. (2000). Effects of brand local and nonlocal origin on consumer attitudes in developing countries. *Journal of Consumer Psychology, 9*(2), 83–85.
20. Li, Z., Fu, S., & Murray, L. W. (1997). Country and product images: The perceptions of consumers in the people's republic of China. *Journal of International Consumer Marketing, 10*(2), 115–139.
21. Kaynak, E., & Kara, A. (2001). An examination of the relationship among consumer lifestyles, ethnocentrism, knowledge structures, attitudes and behavioral tendencies: A comparative study in two CIS states. *International Journal of Advertising, 20*(4), 455–482.
22. Kotler, P., & Keller, K. L. (2012). *Marketing management*, (14 Ed.). Prentice-Hall.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

