



Domestic Consumption: Relative Product Quality Ethnocentrism, and Domestic Product Belief

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Abstract. The increasing number of cosmetics imports in Indonesia has resulted in the domestic cosmetic industry has to compete with foreign products. This study aims to determine consumer behavior in using local products using cognitive (quality evaluation), normative (social and personal norms relating to the country of origin), and affective (symbolic and emotional values of the country of origin) in shaping consumer preferences. This research is quantitative. Data collection was carried out via a questionnaire distributed to 400 respondents with a population of Indonesian consumers who used cosmetics. The analysis technique used Smart PLS. The results show that relative product quality, domestic product trust, consumer ethnocentrism, and patriotism have a significant effect on domestic consumption. This research also shows that patriotism and conservatism influence consumer ethnocentrism and cosmopolitanism have an inverse influence on consumer ethnocentrism.

Keywords: Domestic consumption · relative product quality · ethnocentrism · domestic product belief

1 Introduction

In Indonesia, imported cosmetics increased by 50% during 2020, and 760 cosmetic industries developed during 2017 and experienced an increase of 9.3% in 2020. However, imported cosmetics are still popular because Indonesian consumers prefer imported cosmetics, mainly from France, China, America, Japan, and Korea. According to the Ministry of Industry of the Republic of Indonesia, this is because the country is the world's leading cosmetics producer. Free trade in Indonesia makes local products have to compete with imported products. Consumers have more choices in the current free-market era and are increasingly familiar with products from various countries. Technological progress is one of the factors that can support free-market activities, with technological advances such as social media and e-commerce causing consumers to become increasingly familiar with global products or brands. Consumers have an excellent opportunity to compare local and foreign products. Consumers can quickly evaluate and assess various things or product features in choosing

a product from the various options available. Brand, packaging, product image price, product category, quality, and even country of origin (COO) can determine consumer perceptions and attitudes in determining choices [1].

The literature relating to the country-of-origin effect explains that consumers tend to have attitudes and preferences for products made in a particular country depending on their perceptions of the country of origin. Often in developing countries, consumers strongly prefer products from developed countries. These consumers consider products from developed countries have a better quality than products from their own countries. They crave imported products from developed countries [1]. Chinese products are more desirable and considered to have better quality by Indonesian consumers [2]. Under certain conditions, these factors have the potential to play a role in shaping preferences for domestic and imported products.

This study examines the effect of relative product quality, ethnocentrism, and trust in domestic products in Indonesia. This research must be carried out because the era of free markets is increasingly widespread and demands domestic consumers to compete with imported products. This study combines the conceptual model of domestic consumption by combining the three dimensions of the influence of the country of origin, namely cognitive (evaluation quality), normative (social and personal norms relating to the country of origin), and affective (symbolic and emotional values of the country of origin). Conceptualized as an activity carried out by buyers to choose domestic products and brands, it will be determined by the perception of the relative product quality of domestic products versus foreign products (cognitive process), normative consumer ethnocentrism. Meanwhile, conservatism and patriotism are affective components of the formation of consumer preferences. Ethnocentrism can stem from a number of different places, including patriotism and conservatism among natives, and it can also come from outsiders, cosmopolitanism.

1.1 Relative Product Quality Perceptions

Global brands are preferred over local brands [3]. This is what causes the perception of consumer quality to form. Global brands tend to be more successful in exposing their high-profile product, while consumers prefer local brands for everyday products. Whereas in Indonesia, consumers prefer foreign products. Chinese products are more desirable and considered better quality by Indonesian consumers [2]. Meanwhile, local against imported product quality perceptions appear to be among the inadequately areas in the formation of consumer preferences. Then, this study proposes a hypothesis:

H1. Consumption in the domestic is influenced by consumers' perceptions of the quality of domestic and foreign goods.

1.2 Customer Ethnocentrism

Consumer ethnocentrism is a sociological theory that describes an individual's belief that his culture is the best and the center of the world [4]. This concept refers to the tendency to differentiate between foreign and local products and reject foreign products due to

strong ideology [5]. Therefore, consumer ethnocentrism describes the differentiation of consumer groups who strongly prefer local products over foreign products [6]. Then, this study proposes the following hypotheses:

H2: Domestic consumption is determined by domestic products to belief.

H2a: Domestic product belief is determined by consumer ethnocentrism.

H3: Domestic Consumption is determined by consumer ethnocentrism.

1.3 Conservatism

It is a conservative's desire to preserve and protect the order of society that has stood the test of time. It's described as a desire to cherish long-standing ethics and cultural institutions and to incorporate changes slowly and reluctantly. Even though foreign products are seen as threatening existing social norms and customs, conservatives are more likely to oppose them [4, 5]. Then, this study proposes a hypothesis:

H3b: Conservatism has a positive correlation with consumer ethnocentrism because it is a direct antecedent to it.

1.4 Patriotism

The consumer behavior theory explains that the nature of patriotism can support local products because consumers with patriotism will support products that come from within the country [3]. Consumer ethnocentrism benefits significantly from patriotism [6]. Patriotism can be a powerful tool for promoting domestic consumption, as well. It is possible for a product's origin to evoke feelings of national pride and personal memory, relying on the individual and market context of the product/brand [2, 3, 7]. Then, this study proposes a hypothesis:

H3c: Patriotism has a positive correlation with consumer ethnocentrism because it is a direct antecedent to it.

H4. The effective mechanism of patriotism determines domestic consumption.

2 Research Methods

This research is quantitative. Data collection was done by distributing a questionnaire to 400 respondents. The population in this study was Indonesian consumers who used cosmetics. The sampling technique used a convenience sampling technique. A questionnaire was distributed via Google form to respondents with a minimum age of 17 years and domiciled in Indonesia. The data analysis technique used partial least square (PLS).

3 Results and Discussion

3.1 Convergent Validity

Convergent validity analysis is a test used to measure whether an indicator is valid or not [8]. Indicators can be said to be valid if they can measure variables with a value >0.6 [9].

Domestic consumption is determined by perceptions of relative product quality of domestic versus foreign products. Based on the analysis results of the effect of relative product quality on domestic consumption, it shows a significant result with a p-value of 0.000 (Fig. 1).

The difference in quality between local and foreign products causes perceptions in the minds of consumers. International brands tend to be more successful in exposing their high-profile product category, while local brands focus on consumers for everyday products. Thus, it shows that the higher the relative product quality between local products, the higher the consumers will consume local products. A significant positive relationship between relative product quality and domestic consumption [10]. So, hypothesis1 is accepted.

Domestic consumption is determined by Domestic products belief. Based on the analysis results of the effect of the domestic product belief on consumer ethnocentrism, it shows a significant result with a p-value of 0.000. Consumers who have a strong ethnocentrism tendency believe that although imported products are considered higher quality, they do not desire to buy them because they think domestically made products are better [11]. This causes them to have a more positive perception of the product. They have better confidence in products made in their own country and exaggerate the quality. Thus, it shows that the higher the consumers’ belief in local products, the better the level of domestic consumption will be. There is a significant positive relationship between domestic products and domestic consumption [12–14]. So, hypothesis2 is accepted.

Domestic product belief is determined by consumer ethnocentrism. The analysis of the effect of consumer ethnocentrism on domestic product belief shows a significant result with a p-value of 0.001. Consumer ethnocentrism is a sociological theory that describes an individual’s belief that their culture is the best and is the center of the world. This shows that the higher the ethnocentrism, the better the consumer confidence

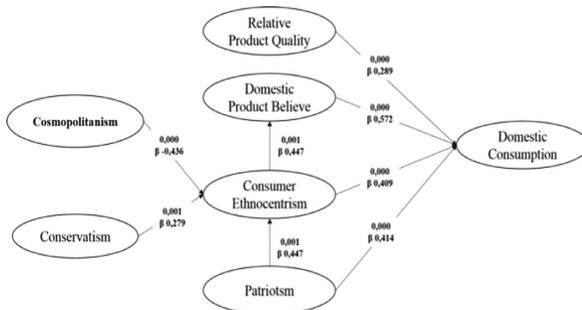


Fig. 1. Inner Model.

Table 1. Convergent Validity

Variable	Relationship	Original Sample (O)	P-Value
Relative Product Quality → Domestic Consumption	(+)	0.289	0.000
Domestic Product Belief → Domestic Consumption	(+)	0.572	0.000
Consumer Ethnocentrism → Domestic Product Belief	(+)	0.447	0.001
Consumer Ethnocentrism → Domestic Consumption	(+)	0.409	0.000
Cosmopolitanism → Consumer Ethnocentrism	(-)	-0.436	0.000
Conservatism → Consumer Ethnocentrism	(+)	0.279	0.001
Patriotism → Consumer Ethnocentrism	(+)	0.447	0.001
Patriotism → Domestic Consumption	(+)	0.414	0.000

in local products. This causes them to have a more positive perception of the product. They believe that products made in their own country are better and tend to overestimate their quality. Thus, it shows that the higher the ethnocentrism, the better the consumer's trust in local products. This is also supported a significant positive relationship between consumer ethnocentrism and domestic product [13, 14]. So, hypothesis 2a is accepted (Table 1).

Domestic consumption is determined by consumer ethnocentrism. Based on the analysis results of the effect of consumer ethnocentrism on domestic consumption, it shows a significant result with a p-value of 0.000. Consumer ethnocentrism describes the differentiation of consumer groups who strongly prefer local products over foreign products. Consumers who have ethnocentric activity can have a strong belief in domestic products. This is because of their desire to show love and loyalty to their own country. Domestic products encourages consumers to buy domestic products [7]. Thus, it shows that the higher the consumer ethnocentricity, the better the consumer's interest in consuming local products. This is also supported which explained a significant positive relationship between consumer ethnocentrism and domestic consumption [10]. So, hypothesis 3 is accepted.

As a direct antecedent of consumer ethnocentrism, cosmopolitanism is negatively related to consumer ethnocentrism. Based on the results of the analysis of the effect of cosmopolitanism on consumer ethnocentrism, shows a significant result with a p-value of 0.001 in a negative direction (coefficient value of -0.436). Cosmopolitanism can be described as world-mindedness, internationalism, global openness, and worldliness. The higher the level of consumer cosmopolitanism can encourage consumers to be more open to trying foreign products. This negative direction indicates a negative relationship. Thus, it shows that if cosmopolitanism has decreased, consumer ethnocentrism will increase. This is also supported explained a negative relationship between the influence of cosmopolitanism and consumer ethnocentrism [6, 10]. So, hypothesis H3a is accepted.

As a direct antecedent of consumer ethnocentrism, conservatism is positively related to consumer ethnocentrism. Based on the analysis of the effect of conservatism on consumer ethnocentrism, shows a significant result with a p-value of 0.000. Conservatism is the tendency to maintain and preserve the traditional order of society that has withstood the tests of times. Individuals who have a conservative view of life tend to be negative towards foreign products because they are considered a threat to the continuity of social customs and norms. Thus, it shows that consumer conservatism can increase consumer ethnocentrism. This is also supported explained a significant positive relationship between conservatism and consumer ethnocentrism [5, 15]. So, hypothesis H3b is accepted.

Consumer ethnocentrism is determined by the effect of patriotism. The analysis of the effect of patriotism on consumer ethnocentrism shows a significant result with a p-value of 0.001. Patriotism is a commitment to self-sacrifice for the state. In the theory of consumer behavior, it is explained that the nature of patriotism supports local products, this shows that the higher the patriotic attitude of the consumer, the better the attitude toward ethnocentrism. Thus, it shows that the higher the patriotic attitude of the consumers, the better the ethnocentrism attitude. This is also supported explained a significant positive relationship between patriotism and domestic consumption [4, 6]. The hypothesis H3c is accepted.

4 Conclusion

Based on the results of the tests and analyzes carried out, the results of this study can be concluded as follows: The formulation of the problem in this study focuses on the profitability ratio, as follows: first, analysis of the effect of relative product quality on domestic consumption shows a significant result.

The analysis of the effect of the domestic product belief on consumer ethnocentrism shows a significant result. Consumer ethnocentrism have significant effect on domestic product belief shows a significant result. The analysis of the effect of consumer ethnocentrism on domestic consumption shows a significant result. The analysis of the effect of cosmopolitanism on consumer ethnocentrism shows a significant result. The analysis of the effect of conservatism on consumer ethnocentrism shows a significant result. The analysis of the effect of patriotism on consumer ethnocentrism shows a significant result. The analysis of the effect of patriotism on domestic consumption shows a significant result.

This study only focused on quantitative methods by collecting data using a questionnaire, so the researchers could not control the respondents' answers. Moreover, this study only focused on the variables relative to product quality, domestic product beliefs, ethnocentrism, and patriotism, while there are still many variables outside the study that can affect domestic consumption. In addition, the sample in this study only focused on consumers who used domestic cosmetic products.

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