

The Impact of Consumer Ethnocentrism and Cultural Sensitivity on the Intention to Buy Local Products by Vietnamese Consumers

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Abstract

The purpose of this study is to examine the impact of consumer ethnocentrism and cultural sensitivity on the intention to buy local products by Vietnamese consumers. Three models hypothesising the relationships between consumer ethnocentrism, cultural sensitivity, foreign product judgment and intention to buy local products were developed. A sample of 549 consumers was surveyed to test these models via a two-step approach and multi-group analysis in structural equation modelling. The results show that consumer ethnocentrism had a positive relationship not only with intention to buy local products but also with foreign product judgment. In addition, cultural sensitivity had a positive relationship with foreign product judgment but not with consumer ethnocentrism. The results also indicate that these relationships were not different in terms of product types, gender, income, and education levels. However, the difference was found between the young and older groups of consumers.

Keywords: Consumer ethnocentrism, cultural sensitivity, product judgment, purchase intention

Introduction

Research on the factors affecting the choice of consumers between domestic and foreign products has attracted several researchers in the past several years. There are several factors under consideration such as consumer ethnocentrism (e.g., Herche, 1994; Klein and Ettenson, 1999; Shimp and Sharma, 1987), cultural sensitivity (e.g., Kamaruddin, Mokhlis, and Othman, 2002), global openness (e.g., Suh and Kwon, 2002), and product judgment (e.g., Han, 1988; Kaynak and Kara, 2002; Klein 2002; Knight, 1999), etc. In Vietnam, programs that promote local products, e.g., Vietnam High Quality Products, Vietnamese Brands Protection, have been launched by a number of organisations such as Saigon Marketing News, Vietnam Marketing Association, etc (e.g., SGTT, 2002). However, little research has been conducted to discover the factors that affect the choice between foreign and local products by Vietnamese consumers (Tho and Trang, 2004). This study attempts to bridge this gap by examining the impact of three factors, i.e., consumer ethnocentrism, cultural sensitivity, and foreign product judgment on the intention to buy local products by Vietnamese consumers. Also, it tries to discover the difference, if any, between various consumer groups, i.e., age, income, education level, and gender, and types of product. This paper is organised around four key points, literature review and the models, method, data analysis and results, summary and conclusions.

Literature Review and the Models

Consumer ethnocentrism

Early conceptualisation of ethnocentrism has been used predominantly in the social psychology, where the concept was defined as “the view of things in which one’s own group is the centre of everything, and all others are scaled and rated with reference to it” (Sumner, 1906:13). Based on Sumner’s work, Adorno et al. (1950) define ethnocentrism in terms of an

individual who tends to be 'ethnically-centred', meaning to strongly accept the culturally 'alike' and reject the culturally 'unlike'. From this viewpoint, ethnocentrism is seen from an evaluative perspective, as an attitude of judging all other cultures by the standards of one's own culture. Anthropologists generally agree that ethnocentrism is found in every culture (Haviland, 1999). The feelings that we are right and they are wrong pervade every aspects of a culture's existence (Samovar and Porter, 1995).

In the consumer behaviour literature, consumer ethnocentrism denotes the beliefs held by consumers about the appropriateness and morality of purchasing foreign-made products (Shimp and Sharma, 1987). For highly ethnocentric consumers, purchasing foreign products leads to job losses, hurts the economy, and is viewed as unpatriotic behaviour. Ethnocentric tendencies are significantly negatively correlated with attitudes towards foreign products (e.g., Shimp and Sharma, 1987; Speece and Pinkaew, 2002; Klein, 2002; Ulgado and Lee, 1998). Therefore, it is expected that consumer ethnocentrism and intention to buy local products are positively related.

Cultural sensitivity

Individuals in a society have different experiences and attitudes toward the value and norms other cultures different from their own. If members in a culture have opportunities to be exposed to individuals belonging to other cultures, their prejudice against the difference of their own from others tends to be lessened (Sharma, Shimp, and Shin, 1995). This characteristic reflects their cultural sensitivity, which concerns the degree of awareness, understanding, and acceptance of the values of other cultures (e.g., Craig and Douglas, 2000). As a result, consumers with high level of cultural sensitivity are likely to accept the differences between their own cultures and other cultures, and are willing to learn from and join with people in other cultures.

Based on the above, a theoretical model (Mt), is proposed with the following hypotheses:

H1: *There is a positive relationship between consumer ethnocentrism and intention to buy local products.*

H2: *There is a negative relationship between consumer ethnocentrism and foreign product judgment.*

H3: *There is a negative relationship between foreign product judgement and intention to buy local products.*

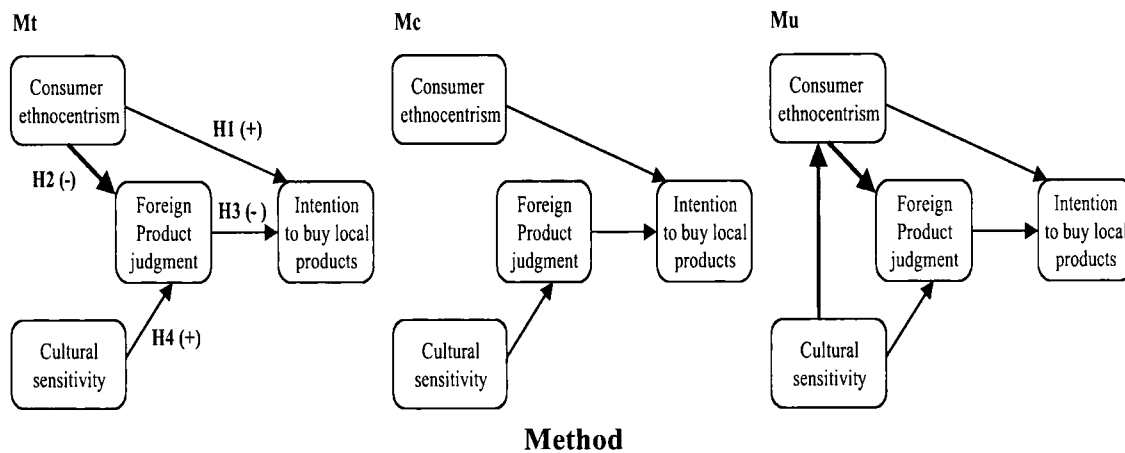
H4: *There is a positive relationship between cultural sensitivity and foreign product judgment.*

Consumers with high level of ethnocentric tendency are likely to believe that buying a foreign product is not right. Therefore, they have a tendency to use local products. However, when consumers evaluate a product, they tend to evaluate it based on their overall perception of the quality or on the attributes of the product itself. For this reason, consumer ethnocentrism may have a positive relationship with intention to buy local products but may not be related to foreign product judgment. Therefore, a competing model (Mc) is proposed in which no relationship between consumer ethnocentrism and foreign product judgment is hypothesised (see Figure 1).

Secondly, research (e.g., Kamaruddin, Mokhlis, and Othman, 2002; Sharma, Shimp and Shin, 1995) show that when a consumer tends to accept the difference in cultures and appreciates

the values of other cultures, his/her degree of ethnocentric behaviour is likely to decrease. As a result, another competing model (Mu) is proposed in which a negative relationship between cultural sensitivity and consumer ethnocentrism is hypothesised (see Figure 1).

Figure 1: The Models



A pilot and a main study were conducted with motorbike and milk consumers in Ho Chi Minh City. The pilot included two focus groups and a survey of 120 consumers. The objective of this pilot phase was to modify and refine the measures of the constructs. The main study was conducted by face-to-face interviewing 549 consumers to test the measurement and the structural models.

There were four constructs used in this study, i.e., cultural sensitivity (CSE); consumer ethnocentrism (CET), foreign product judgment (FPJ), and intention to buy local products (LPI). CSE was measured by five items, based on Loo and Shiomi's (1999) scale, asking consumer's attitudes toward foreign cultures. CET was measured by six items, based on Klein, Ettenson, and Morris' (1998) scale, asking consumer's attitudes towards the purchase of foreign and local products. IPJ was measured by four items, based also on Klein, Ettenson, and Morris' scale, asking consumers on their judgment of foreign products. Finally, LPI was measured by three items, based on Han's (1988) scale, asking consumer's intention to buy local products. All were five-point Likert scales, anchored by 1: strongly disagree and 5: strongly agree.

Data Analysis and Results

The measurement model

The scales were assessed by Cronbach alpha and exploratory factor analysis with the pilot and the main samples, resulting in the deletion of one item in the CET scale due to its low item-total correlation. These scales were then assessed by confirmatory factor analysis. The results indicate that the saturated model received an acceptable fit to the data (Chi-square = 146.31, df = 112; p = .016, NFI = .929, RFI = .914, IFI = .982 and TLI = .967). However, two items (one in CSE and the other in CET) were deleted due to their low factor loadings (<.50). After deleting these two items, the saturated model had a good fit to the data (Chi-square = 96.17, df = 83, p = .170). Also, all the factor loadings were high and significant, supporting the

unidimensionality and convergent validity of the scales. In addition, the correlations between constructs were significantly different from unity, indicating that the discriminant validity across constructs was achieved (Steenkamp and van Trijp, 1991).

The structural models

To test the theoretical model against its competing models, we used the method of nested models (Anderson and Gerbing, 1988). With this method, five hierarchical models were investigated, i.e., Mt (the theoretical model of interest), Mc (a more restrictive competing model), Mu (a less restrictive competing model), Ms (the saturated model in which all constructs were freely related with each other), and Mn (the null model in which all relationships between constructs were fixed at zero).

Using a pseudo chi-square test by comparing the chi-square value of Ms and the degrees of freedom of Mn to explore the possibility of model fit, we found that this test was nonsignificant at a p-value of 28% (chi-square of Ms = 96.17 and df of Mn = 89). The results also reveal that Mc, Mt, and Mu received a good fit to the data: Mc ($\chi^2 = 106.35$, df = 86, p = .068), Mt ($\chi^2 = 101.64$, df = 85, p = .105), Mu ($\chi^2 = 99.56$, df = 84, p = .118). Using sequential chi-square difference tests, we found that Mt – Ms was nonsignificant ($\Delta\chi^2 = 5.47$, $\Delta df = 2$, p = .065); Mc – Mt was significant ($\Delta\chi^2 = 4.71$, $\Delta df = 1$, p = .030); Mu – Mt was non significant ($\Delta\chi^2 = 2.08$, $\Delta df = 1$, p = .149). As a result, Mt was selected and the nomological validity of the constructs was achieved (Anderson and Gerbing, 1988). Also, all the hypotheses were supported (see Table 1). It is noted that, no improper solution (e.g., Heywood cases) was found in the analysis.

Table 1: Regression Weights among Constructs in the Three Models

Relationship	Mu				Mt				Mc			
	m	s	cr	P	M	Se	Cr	p	M	se	cr	p
CSE → CET	-0.09	0.061	-1.43	0.152	.00*				.00*			
CET → FPJ	-0.12	0.056	-2.08	0.037	-0.12	0.055	-2.15	0.032	.00*			
CSE → FPJ	0.12	0.058	1.98	0.047	0.12	0.058	2.05	0.040	0.13	0.058	2.16	0.031
FPJ → LPI	-0.29	0.059	-4.92	0.000	-0.29	0.059	-4.93	0.000	-0.30	0.059	-5.12	0.000
CET → LPI	0.34	0.066	5.07	0.000	0.34	0.067	5.11	0.000	0.35	0.067	5.17	0.000

Notes: m: maximum likelihood estimate; se: standard error, cr: critical ratio; (*): fixed at 0.

To investigate the difference among product types, gender, age, income, education levels we used multigroup analysis (two groups for each of above variables) with the partial invariance method (invariance was applied only for regression weights between constructs). The results of this test show that the difference only existed in the young and older groups of consumers ($\Delta\chi^2 = 12.96$, $\Delta df = 4$, p = .01). No difference was found in other comparisons (product type: $\Delta\chi^2 = 6.82$, $\Delta df = 4$, p = .15; gender: $\Delta\chi^2 = 4.50$, $\Delta df = 4$, p = .34; income: $\Delta\chi^2 = .80$, $\Delta df = 4$, p = .94; education level: $\Delta\chi^2 = .78$, $\Delta df = 4$, p = .94). These findings indicate that the relationships between (1) consumer ethnocentrism and foreign product judgment, (2) consumer ethnocentrism and intention to buy local products, (3) cultural sensitivity and foreign product judgment, and (4) foreign product judgment and intention to buy local products were the same for type of products (motorbike and milk), gender (female and male), income (high and low), and education levels (under university and university or above). However, difference existed between the young and older groups. The difference was found

on the relationship between consumer ethnocentrism and foreign product judgment. With the young group, this relationship was not significant ($p > .05$) whereas it was significant in the older group ($p < .001$).

Summary and Conclusions

Of particular interest of this study was to examine the role of consumer ethnocentrism and cultural sensitivity on the intention to buy local products by Vietnamese consumers. Also, comparisons among different types of product and different groups of consumers were of investigation. Based on the analysis of a survey of $n = 549$ consumers, we found consumer ethnocentrism had a direct and indirect (via foreign product judgment) on intention to buy local products. However, cultural sensitivity only had an indirect impact on the intention to buy local products. The findings of this study have a numbers of implications.

Firstly, it contributes to the literature on consumer behaviour by adding the results found in a transitional market, which has largely been ignored by researchers. Secondly, the findings reveal the importance of consumer ethnocentrism in the choice between foreign and local products by Vietnamese customers. Vietnamese managers can incorporate this finding into their marketing programs (such as unique selling proposition) to invite consumers to go back to local products, which have lost their market shares to imported products.

This study has a number of limitations. Firstly, only two types of consumer products (motorbike and milk) were investigated, and no difference was found in these two types of product. Therefore, more types of product should be examined in future research to explore the difference, if existed. Secondly, this study was conducted only in Ho Chi Minh City. The generalisability of the findings would be more valid if other areas of the country were studied. This is also another direction for future research. Finally, other factors, such as consumer achievement orientation, may contribute to the intention to buy local products by Vietnamese consumers. This also deserves to investigate in future research.

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