
Influence Of Ethnocentrism On Customers Purchase Intention Towards Foreign Products

Abstract

The purpose of this study is to enquire the influence of ethnocentrism on customers purchase intention towards foreign products that moderated by social media. Much attention is given for foreign customers because there are many issues that multinational corporations have to consider to get the benefits from foreign customers. The paper looks at recent research dealing with need for uniqueness and trust of the product because both of them are important factors from the customers' point of view. Besides, ethnocentrism relates to the customers believes that the products that made by their home country are the best and refuse to use imported products. Moreover, the study gives a detailed analysis of the impact on customers' need for uniqueness on buy intention towards foreign products: firstly it will define about the description of each construct, secondly disclose the hypotheses, and lastly goes to the methodology that will be used to test the hypotheses.

KEYWORDS: Purchase Intention, foreign products, customers needs, social media

I. Introduction

Nowadays, with the growth of globalization, international expansion become a common strategy to be implemented by a multinational corporations (MNC). Customers can easily access and exposed a great variety of products and services from other countries because MNCs can provide both domestic and international customers' need. However, MNCs may face the difficulties to fulfill customers' need because MNCs have to distinguish different of those needs in virtually every product category (Fakharmanesh & Miyandehi, 2013). Therefore, MNCs need to know the motivations of local and different foreign customers that buy its products so that MNCs can improve their ability to fulfill the needs. This study will focus only for foreign customers because there are many issues that MNCs have to consider to get the benefits from foreign customers. Besides, studies stated that customers in developing countries prefer foreign products to domestic products because they believe that foreign products have better quality than domestic products and it can impress customers' status in the society (Frimpong, 2011).

Most of the earlier study stated that customers purchase products from other countries relates to their understanding about the country-of-origin reputation of the consequence (Torres & Gutierrez 2007; Rezvani, 2012; Renkon, 2012; Akdogan, 2012; Wong, 2007). However, there is not only country-of-origin that impact the client buy intention towards imported products. Fakharmanesh and Miyandehi (2013) explained that consumer usually compares the domestic and foreign products based on its mark and company names, product labels, or linguistic, visual and aural symbols. Another motivation can be ethnocentrism, materialism, conformity, need for uniqueness, vanity (Ahmad, et al, 2013), belief and fashionability (Afzal, et al., 2013). This study will meet on the need for uniqueness and trust because both of them are important factors from the customers point of view. Besides, ethnocentrism relates to the client believes that the products that made by their home country are the best and reject to use imported products

(Shimp & Sharma, 1987).

Therefore, MNCs should refer about ethnocentrism customers because it may conduct to low customer intention to purchase their products. Furthermore, social media may be able to used by customers to get information about overseas products because it is an simple and low-cost way to collect data. Through social media, customers can get knowledge for their uniqueness and build them more reliance with the product. Besides, since social media shares wide information about foreign products, it may provide the customer with strong ethnocentrism a new insight about it. It then may impact their thoughts about an imported product and raise their aim towards it. However, even though social media is significant in terms of foreign consequence purchasing, there is no study that explains about it. Therefore, the target of this study is to consider the influence of social media on the impact of customers' need for uniqueness, faith, and ethnocentrism on their buy intention toward foreign products.

II. Literature Review and Hypotheses Development

2.1. Customers' need for uniqueness and purchase intention

Every customer has her/her own preference for the products he/she is bought. The product can be similar to others in the same group or in contrary some of the customers do not want to be the same. Every customer has her/her own option for the products he/she is bought. The consequence can be similar to others in the same group or in opposite some of the customers do not want to be the same. The second category of customers wants to have a product that different from others. It means that they have a need for uniqueness. Consumers' need for uniqueness refers to individuals' pursuit of differentness from others that can be reached by acquisition, utilization, and disposition of consumer goods or service, in order to develop their personal and social identity (Tian, et al., 2001). Furthermore, they categorized customer's need for uniqueness into three behavioral manifestations or dimensions: creative choice counterfort, unpopular choice counterfort, and avoidance of similarity. According to Synder and Fromkin (1977), in the theory of uniqueness, the need to be different from others person is created by the situation that threatens the self-perception of uniqueness. Individuals have different individuals degree of uniqueness motivations that can be reached with different ways, such as possession displays or style of interpersonal interaction, depends on their preference to assure their uniqueness motivations through consumer behaviors. Therefore, to assure their need for uniqueness, consumers start to consider imported products. Some consumers think that domestic products are general because others can purchase it simply. In other words, the same domestic products are owned by many people. Therefore, when customers want to assure their need for uniqueness, they will obtain a foreign product because it is different from others who purchase domestic products. In this case, customers who have a high level of need for uniqueness will have more wish for buying a foreign product. Based on that, the following hypothesis is developed:

H1: There is a positive impact on customers' need for uniqueness on purchase intention towards foreign products.

2.2. Customers' trust and purchase intention

Trust is a 'psychological conditions comprising the aim to allow vulnerability based upon positive

expectations of the intentions or behavior of another' (Rousseau, et al., 1998). Trust can reduce the uncertainty created by others (Blau, 1964). Because of that, reliance is significant in terms of purchasing overseas products because in this activity usually firms and customers do not meet each other or so-called online shopping. Besides, the complexity and variety of cross-country interactions make the chance of unpredictable behavior (Gefen & Straub, 2003). Therefore, customers need to get trustable firms so that they can obtain a foreign product without any doubts. Furthermore, when customers have trust to such consequence, they will simplify their process of choosing and reducing a period for decision-making (Crosby & Taylor, 1983). It means that customers will use only a little time to assess the product and straightly make a decision to purchase the product because they already knew the characteristics of the consequence and faith that product will not make them regret. Besides, customers who have confidence will reduce their risk perception towards the suppliers when they act with them and feel more pleasant to share their individual information that important in e-trade transaction (Leeraphong & Mardjo, 2013). Thus, customers will more clear to obtain a foreign product because there is nothing they be concerned about. In other words, they will more often purchase foreign products. Therefore, the strong the belief of the customer to the product/brand, the higher will be their buy intention (Bhattacharya, 1998; Lacoeyuilhe, 1999). Based on that, the following hypothesis is developed:

H2: There is a positive impact on customers' trust on purchase intention towards foreign products.

2.3. Ethnocentrism and purchase intention

Ethnocentrism refers to the tendency of people that aspect their own group as the best among others and explain other groups from the point of view of their group. It makes them refuse other people who have a different culture and take the same one (Booth, 1979). In terms of purchasing product, customers with a high level of ethnocentrism will think more about the appropriateness or principles of purchasing imported product instead of domestic products (Shimp & Sharma, 1987). According to Crawford and Lamb (1981), buying the foreign product will produce strong emotional involvement especially about nationwide safety and loss of jobs. Costumers will reject to purchase foreign products because they think that it has a negative influence on the national economy and improve the number of unemployment (Shimp & Sharma, 1987). Those perceptions offered the concept of ethnocentrism in terms of psychological and social. Furthermore, in the marketing sphere, ethnocentrism becomes one of the dynamic factors in customer purchasing choices. Ethnocentrism is significant to be considered by the firms that have foreign customers because firms need to enquire whether most of the foreign customers have strong ethnocentrism or not. If the foreign customers have a high level of ethnocentrism, the firms have to find the way to handle with that because customer ethnocentrism has a negative and strict impact on buy intention towards foreign products (Renko, et al., 2012).

In contrary, it has an important positive influence on buy intention of products that manufactured domestically (Shoham & Brene?i?, 2003, Nguyen, et al., 2008; Evanschitzky, et al., 2008; Ranjbaim, et al., 2011). Based on that, the following hypothesis is developed:

H3: There is a negative impact on customers' ethnocentrism on purchase intention towards foreign products.

2.4. Social media

Social media has become one of the ways people live nowadays because it is not only a way to reach with friends or relatives but also for business. The popularity of social media and social networking has made marketers become more attractive on how they can get economic values through it. Social media is used by marketers to support their brands and build customer brand relationship because it can be multi-way communication, discussion, and collaboration between firms and consumers (Turri, et al., 2013). The benefits of social media that can reduce the gap between sellers and buyers, even across countries, are an significant issue for MNCs because they run around the globe. MNCs can use social media to associate with foreign customers around the world. Therefore, MNCs need to perceive how they can use social media to impact or build the consumers' buy intention towards foreign products.

In consumers' point of view, social media can help them to get knowledge about the product or service they want/need. It will impact the way they think and lastly their decision to buy the product or use the service. For customers who have a strong need for uniqueness, they can get information about overseas products through social media because it provides full information associated to the product and its alternative that enlarge their knowledge of their circumstances (Park & Lessig, 1977). Social media not only supply the information but also can be the area for sharing experiences among customers around the world. In this way, they can find the uniqueness of the products simply and then purchase foreign products. Furthermore, social media provides transparency, truthfulness and trustworthiness information because it is the platform for people to share their opinions, ideas and beliefs (Scott 2010). Marketers can use social media to establish the relationship (confidence and commitment) with customers because they can interact regularly (Turri, et al., 2013). Therefore, a company that uses social media to share information about the product creates customer reliance and commitment that affect their behavior toward the firm and buy intention towards foreign products (van der Heijden, et al., 2003). Since foreign purchasing may be done by the online transaction, consumers have to determine the trustworthiness of a firm (Good, 1988; Ring & Van de Ven, 1992). Consumers can raise their confidence towards the firm through social media because the it provides information in social media (Hong & Cho, 2012). Lastly, customers who have a strong level of ethnocentrism will refuse to purchase foreign products. However, since social media provides the truthfulness and trustworthiness information (Scott, 2010), customers ethnocentrism may use it to think again about their beliefs of overseas and domestic products. Knowledge and sharing experiences through social media can reshape the customer's beliefs and thoughts about other culture or foreign products because it provides a broad and wide acquaintance to them. Therefore, the costumers may be less ethnocentrism to purchase foreign products after they get data through social media.

However, it will also depend on the attribute of customers and countries because some former studies stated that customer ethnocentrism tendencies depend on the level of the development of a country (Renko, et al., 2012). Customers in developing countries more likely to purchase foreign products than in developed countries because customers in developed countries have thoughts that their domestic products are better than others since they have high technology or manufacture equipment. This study will not distinguish between developing and developed country because the purpose of this study is to enquire the impact of ethnocentrism on customers buy intention towards foreign products that moderated by social media. Based on that, the following hypothesis is developed:

H4: Social media will strengthen the positive impact of customers' need for uniqueness on purchase intention towards foreign products.

H5: Social media will strengthen the positive impact of customers' trust on purchase intention towards foreign products.

H6: Social media will weaken the negative impact of customers' ethnocentrism on purchase intention towards foreign products.

III. Methodology

3.1. Conceptual Framework

In this study, the following conceptual framework is developed based on the research objectives of this study.

3.2. Research Design and Methodology

Samples

This study adopted survey approach to gather appropriate research information, the accomplished sample was selected randomly from customers who purchase foreign products in Taiwan because there are many customers who purchase foreign products from Taiwan and usually through online shopping or social media. Online surveys will be conducted. Overall 500 surveys will be sent to the participants. This study will propose three lucky draws to appreciate the time and efforts from respondents.

Construct Measurement

For the object of the testing these hypotheses, the following five main constructs and one moderating variable will be operated in this study: (1) customers' need for uniqueness, (2) customers' reliance, (3) customers' ethnocentrism, (4) buy intention towards foreign products, and (5) social media. All of those variables will be considered on a seven-point Likert scale. Respondents will be asked to indicate their degree of agreement toward each statement, from 1 = strongly disagree to 7 = strongly agree.

Customers' need for uniqueness

According to Tian, et al., (2001), the potential questionnaires for customer's need for uniqueness as follows:

- a. Creative choice counter-conformity
 - 1. I collect unusual merchandise to tell people I'm different
 - 2. I sometimes acquired unusual merchandise or brands to create more distinctive personal image
 - 3. I often look for one-of-a-kind merchandise or brands so that I build a personal style
 - 4. When buying a product my goal is to find something that conveys my

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- uniqueness
- 5. I often combine things in such a way that I create for myself a personal image that can not be reproduced
 - 6. I often try to find a more different version of ordinary products because I like being original
 - 7. I often try to develop my personal uniqueness by purchasing special products or brands
 - 8. Looking for the interesting and unusual products helps me to create a distinctive look
 - 9. The products and brands that I like most of all, express my individuality
 - 10. I often buy things in terms of how I can use them to form a more unusual personal image
 - 11. I often look for new products or brands that will add my uniqueness
 - 12. When buying a product, I sometimes dared to be in different ways, as others, most likely, do not approve
- b. Unpopular choice counterfort
 - 1. As far as I understand, when it comes to the products I buy and the situations in which I use them, there are customs and rules in order to break them
 - 2. I often buy products unconventionally even when it's likely to offend others
 - 3. I rarely act in agreement with what others think are the right things to buy
 - 4. Concern for being out of place doesn't prevent me from buying what I want to buy
 - 5. When it comes to the products I buy and the situations in which I use them, I have often broken customs and rules
 - 6. I have often violated the understood rules of my social group regarding what to buy or own
 - 7. I have often gone against the understood rules of my social group regarding when and how certain products are properly used
 - 8. I enjoy challenging the prevailing taste of people I know by buying something they wouldn't seem to accept
 - 9. If someone hinted that I had been buying products inappropriately for a social situation, I would continue buying in the same manner
 - 10. When I buy product differently, I'm often aware that others think I'm peculiar, but I don't care
 - c. Avoidance of similarity
 - 1. When products or brands I like become extremely popular, I lose interest in them
 - 2. I avoid products or brands that have already been accepted and purchased by the average consumer
 - 3. When a product I own becomes popular among the general population, I begin using it less
 - 4. I often try to avoid products or brands that I know are bought by the general population
 - 5. As a rule, I dislike products or brands that are customarily purchased by everyone
 - 6. I give up buying products I've purchased once they become popular among the general public
 - 7. The more commonplace a product or brand is among the general population, the less interested I am in buying it
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- 8. Products don't seem to hold much value for me when they are purchased regularly by everyone
 - 9. When the products I own becomes too commonplace, I usually quit wearing it

Customers' trust

According to Hong and Cho (2011) that combined from many previous studies (Flavian, et al., 2006; Mayer, et al., 1995; McKnight & Chervany, 2002; and Gefen, 2000) the potential questionnaires for customer's trust as follows:

1. I think that this MNC has the necessary abilities to carry out its work
2. I think that this MNC has sufficient experience in the marketing of the products and services that it offers
3. I think that this MNC has the necessary resources to carry out its activities successfully
4. I think that this MNC knows its users well enough to offer them products and services adapted to their needs
5. I think that the advice and recommendations about the product given by MNC are made in search of mutual benefit
6. I think that this MNC is concerned with the present and future interests of its users
7. I think that this MNC would not do anything intentional that would prejudice the user
8. I think that the design and commercial offer of this MNC take into account the desires and needs of its users
9. I think that this MNC is receptive to the needs of its users
10. I think that this MNC usually fulfills the commitments it assumes
11. I think that the information offered by this site is sincere and honest
12. I think I can have confidence in the promises that this MNC makes about the products
13. The MNC does not make false statements
14. The MNC is characterized by the frankness and clarity of the services that it offers to the consumer
15. Even if not monitored, I'd trust the intermediary to do the job right
16. I trust the intermediary
17. I believe that the intermediary is trustworthy
18. Even if not monitored, I'd trust the community of sellers to do the job right
19. I trust the community of sellers
20. I believe that the community of sellers is trustworthy

Customers' ethnocentrism

According to Neuliep and McCroskey (1997), the potential questionnaires for customer's trust as follows:

1. Other countries should model themselves after my country
2. People in my country have the best lifestyle in the world.
3. People in my country could learn a lot from people from other countries
4. My country is a poor example of how to run a country
5. Most people would be happier if they lived like those people in my country
6. Most other countries are backward in comparison with my country
7. My country is a bad role model for other countries

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8. Lifestyles in other countries are just as valid as in my country
 9. Life in my country is much better than most other places
 10. My country should be the role model of the world.
 11. Countries really should not use my country as a role model
 12. A lot of other countries are primitive compared to my country
 13. I enjoy learning about the customs and values of other countries
 14. Although different, most countries have equally valid value systems
 15. My country would be better if it were more like other countries

Purchase intention towards foreign products

According to Hong and Cho (2011) that adapted previous studies from Jarvenpaa, et al. (2000), Yoon (2002), and Hoyer and MacLinnis (2008), the potential questionnaires for customer's trust as follows:

1. I would return to buy foreign products in this MNC
2. I would consider purchasing from this MNC in the next three months
3. I would consider purchasing from this MNC in the next year
4. For this purchase, I will buy from this MNC

Social media

This study adapted the result from Michaelidou's, et al. (2011) research on Social Media marketing that explains the reasons for using social media. The questionnaire will be as follows:

1. I attract with the foreign product through this social media
2. Social media cultivate my relationship with other customers
3. Social media increase my awareness of foreign products
4. Social media communicates the foreign products
5. I can receive feedback from others through social media
6. I can interact with suppliers of the foreign product through social media

3.3. Data Analysis Procedures

Descriptive statistic analysis

To better understand the characteristics of each variable, descriptive statistical analysis was used to illustrate the means and standard deviation of each research variable and to provide information about the characteristics of respondents.

Reliability analysis

To purify the measurement scales and to identify the dimensionality of each research constructs used in this study, principal components factor analysis with varimax rotation was applied to condense the collected data into factors. Based on the results of factor analysis, item-to-total correlation and internal consistency analysis (Cronbach's alpha) were applied to confirm the reliability of each research factor.

Hypothesis testing

- Structural Equation Model (SEM)

In order to determine the overall fitness of the research model, SEM was used in this study. The Amos 5.0 package software was used to analyze the relationships within the entire research model to explore the relationships among variables in this model. According to Jöreskog and Sorbom (1993), the following criteria were adopted to justify the goodness of fit of the research model: Chi-square/d.f. 0.9, Adjusted Good of Fit Index > 0.9, and Root Mean square Residual (RMR)

- ANOVA

ANOVA was used to discuss the interaction effects of the clusters of customers' need for uniqueness, trust, and ethnocentrism, with social media as the moderating variable on purchase intention towards foreign products.

4. Contribution

The contribution of this study is it integrates the customers' need for uniqueness, reliance, and ethnocentrism to their buy intention toward overseas products that moderated by social media. Besides, for managerial implications, it gives a concept that social media can be used for business to make more benefits, especially in this globalization stage. Furthermore, in order to put together this study simply to be understood, firstly it will define about the description of each construct, secondly disclose the hypotheses, and lastly goes to the methodology that will be used to test the hypotheses.

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