



Understanding purchase intention towards Chinese products: Role of ethnocentrism, animosity, status and self-esteem

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ABSTRACT

The Indian market has got flooded with Chinese goods that pose a great threat to indigenous businesses. Despite increase in bilateral trade, the relationship between India and China continues to be marred with suspicion, animosity and distrust. Therefore, it becomes meaningful to understand how the consumers distinguish between domestic and Chinese goods. The study examines the relationship between ethnocentrism, customer animosity, social status and personal self-esteem and their impact on purchase intention towards Chinese imports. The results indicate that the attitudes and behaviour of consumers in an emerging nation differ greatly from their counterparts in developed nations. Contrary to expectations, the relationship between ethnocentrism and customer animosity is not significant. Personal self-esteem and customer animosity impact the purchase intentions of Indians while ethnocentrism and social status do not have any such influence. The study seeks to expand the existing literature on purchase intention of foreign products and also help the marketers design their marketing mix strategies.

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1. Introduction

India, as an emerging nation with market potential of 205.9 million households has captured the attention of several multi-national corporations across the world (Kumar, 2009). Its liberal trade policy has led to the entry of multi-national products into the country providing its people with more foreign-made product options than they had ever experienced before. China, USA, UAE, Saudi Arabia and Switzerland continue to be the top trading partners of India for the past several years. The combined value of merchandise and services imported into the country stood at \$616.7 billion in 2013 (WTO, 2014), making it the seventh largest services and twelfth largest merchandise importer in the world. Among the trading partners, imports from China are the highest. Such large scale imports have not only resulted in huge trade deficits for the country but also intensified competition for the Indian manufacturers who need to evaluate the severity of threat posed by cheap Chinese products.

At the time of adoption of reforms in 1991, the trade between India and China was insignificant and restricted to a very few items. However, within a short span of time China has become the top most trading partner of India with Chinese imports increasing from 1907 million US dollars in 1999 to 51,034 million US dollars in 2014 (Southerland et al., 2014). Despite increase in bilateral

trade, the relationship between the two countries continues to be marred with suspicion and distrust. This may be attributed to their disputed border issue, China's growing presence in Indian Ocean and its strengthening of relationship with Pakistan, another neighbouring country with which India has bitter relationship. China accounted for one-fourth of India's \$138.6 billion trade deficit with the world in 2014 (Southerland et al., 2014). In a nutshell, the Chinese imports present a great threat to Indian businesses. Now, that the Indian market has got flooded with Chinese goods it becomes meaningful to understand how the consumers are making a distinction between domestic and Chinese goods. This understanding may prove beneficial to protect the Indian indigenous industry and correct the adverse balance of payment situation.

The concepts of 'consumer ethnocentrism' (Shimp and Sharma, 1987) and 'customer animosity' (Klein et al., 1998, 90) are generally employed to understand the proclivity of customers towards foreign products. It has been found that consumers do not possess the same level of ethnocentric tendencies across different nations and within the same country. Further, animosity of customers is generally directed towards a particular country and does not explain general disposition towards consumption of foreign goods. No study has been done to understand the impact Indian consumer ethnocentrism and animosity towards Chinese products. The current scenario necessitates an understanding of these factors. Moreover, it has been found that desire for bestowal of social

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status and enhancement of self-worth, particularly in case of emerging nations (Sklair, 1994; Schultz, et al., 1994; Burke, 1996; Batra et al., 2000) may impact purchase intention of foreign goods. This behaviour is considered to be the manifestation of colonial experience and over identification with the west (Gerth, 2003). However, in this study the focus is not on any western nation rather another emerging nation, China. Yet, it would be prudent to remember that though China is an emerging nation it is considered among the most powerful nations of the world. Further, it has established its superiority over India in terms of economic, political and military power. Therefore, it would be interesting to know if social status and personal self-esteem values impact purchase intentions of Indian consumers towards Chinese products.

There is a widespread argument supporting research across different cultures and countries to gain insights into how consumer attitudes and behaviours are similar or different (Cleveland et al., 2009; Suh and Ik-Wang, 2002). Understanding the purchase intentions of Indian consumers towards Chinese products with respect to their ethnocentric tendencies, feelings of animosity towards China, desire for social status and personal self-esteem would be meaningful for exporters, national marketers as well as the consumer behaviour researchers. Such findings can have practical implications for designing appropriate marketing strategies. Paucity of studies looking at the antecedents which impact purchase intentions of Indian consumers towards foreign (Chinese) goods creates a gap in research. The current study seeks to bridge that gap. The latest development in the Indo-Chinese trade relationships makes this study assume greater relevance and interest.

Given this context, the first objective of the study is to find out the relationship between ethnocentrism, customer animosity, social status and personal self-esteem. The second objective is to identify the impact of ethnocentrism, customer animosity, social status and personal self-esteem on purchase intention of Indian consumers towards Chinese products.

2. Conceptual framework

2.1. Consumer ethnocentrism

The concept of ethnocentrism has sociological origin and refers to a feeling of superiority for one's own group; and the others are rated with reference to it (Sumner, 1906). The notion of consumer ethnocentrism was first explained by Shimp and Sharma (1987) as "the beliefs held by American consumers about the appropriateness, indeed morality, of purchasing foreign-made products" (p. 280). They state that highly ethnocentric consumers would think buying imported products as wrong because it is both detrimental to the domestic economy and unpatriotic. Such consumers would feel that it is unethical to purchase foreign products as it may eventually lead to loss of employment for fellow countrymen. Highly ethnocentric consumers are more likely to purchase local products and hold less favourable attitude towards foreign brands (Bandara and Miloslava, 2012). This could be due to over-estimation of attributes and quality of domestic products and underestimation of quality of foreign goods (Sharma et al., 1995). It has also been suggested that highly ethnocentric consumers may have favourable attitude towards products from culturally similar countries (Sharma et al., 1995; Watson and Wright, 2000).

Contrary to the above findings, Wong et al. (2008) have contended that consumers' level of ethnocentrism may not have a direct effect on their purchase intentions. The issue of consumer

ethnocentrism is likely to become insignificant in the absence of unavailability of local or domestic products (Nijssen and Douglas, 2004). Further, one may also question the impact of product category and type on the ethnocentric levels of consumers. Studies have demonstrated differences within the same ethnic group due to different product categories (Thelen et al., 2006). It is also claimed that consumers do not share the same level of ethnocentrism. They vary in their ethnocentric tendencies due to various demographic and socio-psychological differences. Political, economic, demographic, social and psychological factors have already been identified as major antecedents to ethnocentrism (Shankarmahesh, 2006). However, summarizing the review of literature on ethnocentrism, Shankarmahesh (2006) contends that previous studies point out that ethnocentrism negatively impacts consumer's purchase intentions towards foreign products.

As discussed earlier, the international trade has witnessed an upsurge in India due to reduction in trade barriers and globalization of its economic policies. Simultaneously, this has raised concern for protection of domestic industry. One of the subtle ways of shielding the domestic producers against the onslaught of foreign competition could be 'consumer ethnocentrism', which may compel Indians to shun imported goods in favour of national products. Bawa (2004) has already pointed out that Indians exhibit high level of ethnocentric tendencies and tried to allay the fears of Indian manufacturers by talking about "comfortable future" for their products on home turf. Yet, we find that Chinese products continue to pose threat to indigenously produced goods. This necessitates diagnosis of relationship between ethnocentrism and purchase intention of Indians towards Chinese goods.

Based on the literature review it is hypothesized that.

H1: There is a negative relationship between Indian consumers' ethnocentrism and their purchase intention towards Chinese products.

2.2. Customer animosity

Animosity is a strong feeling of resentment or hatred towards a particular nation or its people caused by past or present military, economic or political aggressions of that country (Averill, 1982). Consumer animosity has been defined as "the remnants or antipathy related to previous or ongoing military, political or economic events that will affect consumers' purchase behaviour in the international marketplace" (Klein et al., 1998, 90). Klein et al. (1998) developed the customer animosity model based on their findings about the attitudes of Chinese consumers towards Japan and Japanese products. They postulate that animosity towards a particular foreign country will deter the consumers from purchasing products of that nation. Studies conducted in other contexts (Nijssen and Douglas, 2004) have validated their findings.

Customer animosity and ethnocentrism are somewhat inter-related concepts as they both pertain to the general tendencies that the customer may possess towards foreign products arising out of political, economic and military events (Klein et al., 1998). However, the concept of animosity differs from that of consumer ethnocentrism as it is directed towards specific countries rather than all foreign nations. Positive relationship between customer animosity and ethnocentrism has been reported (Abraham, 2013). Studies (Klein et al., 1998; Shankarmahesh, 2006; Abraham, 2013) report that the more the customer harbours animosity towards a particular nation the more the likelihood of his not selecting products from that nation. Accordingly, it is hypothesized:

H2: Ethnocentric tendencies of Indian consumers have a positive impact on their feelings of animosity.

Kinra (2006) found out that the Indian consumers prefer

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