CHAPTER 2

LITERATURE REVIEW

This chapter deals with literature on the concept of consumer ethnocentrism. It starts with a discussion on how this concept has evolved. It further discusses the development of CETSCALE to measure this concept. Later extant studies pertaining to the unidimensionality, reliability and validity of the scale are discussed. Also, the relationship of consumer ethnocentrism with other constructs has been examined. Further, the relationship of consumer ethnocentrism with various demographic variables has been discussed in detail, followed by its relationship with personality dimensions. Finally, the degree of ethnocentrism prevalent in different parts of the world has been discussed.

2.1 Consumer Ethnocentrism

The concept of ethnocentrism was originally introduced into sociological literature by William Graham Sumner (1906:13) who defined it as:

... the view of things in which one's group is the center of everything, and all others are scaled and rated with reference to it. ... Each group nourishes its own pride and vanity, boasts itself superior, exalts its own divinities and looks with contempt on outsiders.

The ethnocentrism concept represents a universal tendency to see an individual's own group as the center of the universe, to interpret other social units from a group perspective and to reject those people who are culturally different, blindly accepting those who are culturally similar (Booth, 1979; Worchel & Cooper, 1979). The symbols and values of one's own ethnic or national group become objects of pride.
and attachment, whereas symbols of other groups may become objects of contempt (Levine & Campbell, 1972).

Murdock (1931) made the observation that ethnocentrism is not only applicable to “tribes and nations” but “reveals itself in all kinds of social groups, developing into family pride, sectionalism, religious prejudice, racial discrimination, and patriotism” (Sharma et al., 1995). Some authors even argued that ethnocentrism is a part of human nature (Lynn, 1976). Over the years, the concept has added psychological and now even economic overtones. From a psychological perspective, Freud (1955) defined ethnocentrism as the “narcissism of the group”. So long as a group formation persists or so far as it extends, individuals in the group behave as though they were uniform, tolerate the peculiarities of its other members, equate themselves with them, and have no feelings of aversion toward them (Freud, 1955).

The psychosocial view relates ethnocentrism to individual personality levels as well as to social and cultural references (Levine & Campbell, 1972; Booth, 1979; Worchel & Cooper, 1979). Consumer ethnocentrism is a tailor-made personality trait. Trait researchers have found that it is generally more realistic to expect personality to be linked to how consumers make their choices and to purchase or consumption of a broad product category rather than a specific brand (Schiffinan & Kanuk, 2007). Ethnocentrism is a concept of interest not only to sociologists, psychologists, and anthropologists but also to historians, political scientists, politicians, and administrators (Bawa, 2004).

Ethnocentrism has received a good deal of attention by sociologists and psychologists, and even some recognition that it is generally applicable to consumer behavior (Markin, 1974; Berkman & Gilson, 1978).

In an attempt to tackle the challenge put forward by Jacoby (1978) of developing specific domain constructs, Shimp (1984) introduced the concept of consumer ethnocentrism in marketing literature. It was conceptualized as one of the components of a complex theoretical construct related to the cognitive, affective and normative orientations of the consumer toward products manufactured abroad. According to Shimp (1984:285):
The concept is used here to represent consumers' beliefs in the superiority of their own countries' products. This perception is postulated to transcend mere economic and functional considerations, and, instead, to have a more noble foundation rooted in morality. That is, consumer ethnocentrism is intended to capture the notion that some consumers believe it is somehow wrong to purchase foreign-made products, because it will hurt the domestic economy, cause the loss of jobs, and, in short, because, from their view, it is plainly unpatriotic.

Then in 1987, Shimp & Sharma defined the term "consumer ethnocentrism" to represent the beliefs held by American consumers about the appropriateness, indeed morality, of purchasing foreign made products. From the perspective of ethnocentric consumers, purchasing imported products is wrong because, in their minds, it hurts the domestic economy, causes loss of jobs, and is plainly unpatriotic; products from other countries (i.e., outgroups) are objects of contempt to highly ethnocentric consumers. To nonethnocentric consumers, however, foreign products are objects to be evaluated on their own merits without consideration for where they are made (or perhaps to be evaluated more favorably because they are manufactured outside the United States). Empirical results of the study by Shimp & Sharma (1987) showed that, for US consumers, 1) general attitudes toward imports are negatively correlated with ethnocentric tendencies, 2) the stronger the ethnocentric tendency, the more likely the individual is to own or intend to purchase a domestic auto, and 3) individuals whose quality of life is most threatened exhibit the strongest ethnocentric tendencies. In functional terms, consumer ethnocentrism gives the individual a sense of identity, feelings of belongingness, and, an understanding of what purchase behavior is acceptable or unacceptable.

Sharma et al. (1995) defined consumer ethnocentrism as a consumer's preference for domestically produced products, or conversely, as a bias against imported products. They noted that the concept of consumer ethnocentrism is based on three tenets:

1) one's fear of economically harming one's beloved country by buying foreign products;
2) the morality of buying imported products; and

3) a personal prejudice against imports.

Highly ethnocentric individuals tend to accept things culturally similar and reject things culturally dissimilar (Samovar & Porter, 1995). They are more inclined to accentuate the positive aspects of domestic products, while non-ethnocentric consumers on the other hand would be more pragmatic and evaluate products in relative terms (Caruana & Magri, 1996). For ethnocentric people, there is a tendency to evaluate 'own-country' products more favorably (Reierson, 1966; Nagashima, 1970; Dickerson, 1982). Sharma et al. (1995) propose that consumer ethnocentrism results from fear of harmful effects imports may have on the economic situation of the individual and that individual's society. This fear causes individuals to refrain from purchasing imported products and to exert pressure on other society members to refrain also. Thus, the purchase of imports becomes a moral and social issue (Ozsomer & Cavusgil, 1991; Myers, 1995).

2.2 Scale Development

Shimp (1984) defined consumer ethnocentrism by developing a number of criterion variables in order to test for specific differences between consumer ethnocentrics and non-ethnocentrics. These included measurements of beliefs and normative beliefs (Fishbein & Ajzen, 1975), purchase intention measures (Warshaw, 1980) and several other measures idiosyncratic to the study of the foreign versus domestic automobile purchase evaluations.

In particular, the question posed to measure the level of ethnocentrism was the open proposition:

'Please describe your views of whether it is right and appropriate for American consumers to purchase products that are manufactured in foreign countries (Shimp, 1984).’ Shimp & Sharma (1987) opted for developing a specific scale to measure this construct, known as the CETSCALE. This instrument was designed to measure the tendencies of ethnocentric consumers toward purchasing foreign products as
opposed to buying products from the USA. Its authors used the term “tendency” instead of “attitude”, since the former refers to the more general notion of the disposition to act in some consistent fashion toward foreign products. The latter is used most appropriately in reference to the consumer’s feelings toward a specific object, such as a particular automobile model. Consumer ethnocentrism is believed to be a personality trait affecting an individual’s attitudes, intentions, preferences and purchase behavior (Vida & Fairhurst, 1999).

The CETSCALE is used to differentiate among consumers who perceive to varying degrees that buying foreign made goods or services is acceptable or unacceptable. Scales of ethnocentrism developed previously (e.g. Adorno, Brunswick, Levinson & Sanford, 1950; Chang & Ritter, 1976; Warr, Faust & Harrison, 1967), do not adapt well to studies of consumer behavior for various reasons, hence the need for a specific scale of consumer ethnocentrism was recognized.

The 17-item, seven-point Likert-type CETSCALE has much to recommend it. It was constructed and distilled through the stages of item generation, item screening, two purification studies, and then tested on representative samples of consumers from Detroit, Denver, Los Angeles, and the Carolinas in US. A confirmatory factor analysis indicated that the scale had high reliability and a unidimensional structure. Greater consumer ethnocentrism was negatively correlated with favorable opinions about foreign-made products and positively associated with ownership or intention to purchase a domestic-made automobile. Particularly interesting were the results showing strong ethnocentric tendencies in places threatened by the prospect of job loss due to both foreign competition and economic recession.

The CETSCALE adheres to the viewpoint that consumer ethnocentrism is a matter of ‘how ethnocentric?’ and not ‘whether ethnocentric?’ It does not give a consumer ethnocentric/not ethnocentric type of categorization (Bawa, 2004). Lindquist et al. (2001) are of the opinion that the 17 items of the CETSCALE are linked to the following four concepts — ‘it hurts the domestic economy,’ ‘results in loss of jobs,’ ‘is unpatriotic,’ and ‘is tied to product availability,’ though Shimp & Sharma did not classify the items in this manner. There also exists a shorter 10-item version of the CETSCALE. It has been used not only by Shimp & Sharma (1987) but also by
From the perspective of the multinational marketer, measuring the level of consumer ethnocentrism across countries is of interest as that trait may be a barrier to success in foreign markets, maybe useful in developing product-positioning strategies in foreign-markets, and may help explain the bias toward domestic products (Wall & Heslop, 1986; Shimp & Sharma, 1987; Parameswaran & Yaprak, 1987; Han & Terpstra, 1988; Papadopoulos, Heslop & Bamossy, 1989; Papadopoulos et al., 1990; Netemeyer et al., 1991; Elliott & Cameron, 1994; Sharma et al., 1995; Lantz & Loeb, 1996). Empirical studies in countries such as the France (Baumgartner & Jolibert, 1977), the United Kingdom (Bannister & Saunders, 1978), United States (Shimp & Sharma, 1987), Canada (Hung, 1989), Korea (Sharma et al., 1995), and the United Kingdom (Balabanis & Diamantopoulos, 2004) have illustrated that consumers with ethnocentric tendencies have a proclivity to evaluate domestic products favorably, often unreasonably so, compared to imported products, indicating a positive association between ethnocentrism and evaluation of domestically-made products, and a negative association between ethnocentrism and evaluation of imported products. Study of ethnocentric tendencies among consumers in a country, therefore, has clear implications for marketers. If the level of consumer ethnocentrism in a market is high, foreign manufacturers looking forward to expand in that market as well as domestic marketers distributing imported products will face a tough challenge (Bandyopadhyay & Muhammad, 1999).

2.3 Unidimensionality of the CETSCALE

Unidimensionality refers to the existence of a single trait or construct embedded in a set of measures (Hattie, 1985). Although CETSCALE was developed among American consumers, it has been applied and validated in cross cultural settings by various authors. This was determined either through further testing or by using the scale in other research settings (Netemeyer et al., 1991; Herche, 1992; Sharma et al., 1995; Bailey & de Pineres, 1997; Durvasula et al., 1997; Steenkamp & Baumgartner, 1998; Bandyopadhyay & Muhammad, 1999; Vida & Fairhurst, 1999;

The CETSCALE has given mixed results in different parts of the world as far as its dimensionality is concerned. The scale was found to be unidimensional in some studies (Luque-Martinez et al., 2000; Bandyopadhyay & Saevarsdottir, 2001; Supphellen & Rittenburg, 2001; Anwar, 2002; Reardon, Miller, Vida & Kim, 2005; Chryssochoidis et al., 2007); while in other studies it was not unidimensional (Lindquist et al., 2001; Moon & Jain, 2001; Yu & Albaum, 2002; Douglas & Nijssen, 2003; Supphellen & Gronhaug, 2003; Bawa, 2004; Upadhyay & Singh, 2006; Yelkur, Chakrabarty & Bandyopadhyay, 2006; Khan et al., 2007; Khan & Rizvi, 2008) to name a few. Few of these researchers then went for further scale refinement to obtain better fitting unidimensional scales in their respective studies (Bawa, 2004; Khan et al., 2007).

2.4 Reliability and Validity of the CETSCALE

The CETSCALE developed by Shimp & Sharma (1987) has been found to be valid and reliable in US. It showed high internal validity as well as discriminant validity. Before applying the CETSCALE to any other culture, it is very important to test its reliability and validity in that region. According to Douglas & Nijssen (2003), considerable caution should be exercised when employing scales developed in one country or cultural context in other environments. Consequently, researchers from different parts of the world have made attempts to assess the applicability of CETSCALE in varying cultural settings. Netemeyer et al. (1991) in US, Japan, France and West Germany, Durvasula et al. (1997) in US and Russia, Witkowski (1998) in Hungary and Mexico, Kucukemiroglu (1999) in Turkey, Luque-Martinez et al. (2000) in Spain, Huddleston et al. (2001) in Poland, Mincheol (2001) in Korea, Bandyopadhyay & Saevarsdottir (2001) in Iceland, Sinkovics (2002) in Austria, and Kaynak & Kara (2002) in Turkey found the scale to be reliable and valid.

Additional empirical studies, though not designed to specifically test the validity of the scale, brought additional reliability and validity to the CETSCALE. These were
conducted in Russia and Poland (Good & Huddleston, 1995; Supphellen & Rittenburg, 2001), China (Klein et al., 1998), the Netherlands (Ruyter et al., 1998), Azerbaijan (Kaynak & Kara, 2001), China, India and Taiwan (Pereira et al., 2002), and Indonesia, Korea, Malaysia, Singapore, and Thailand (Jung et al., 2002; Ang et al., 2004). Recently, Hamin & Elliott (2006) in Indonesia, and Klein et al. (2006) in Russia and China too found the CETSCALE to be valid and reliable. However, Bawa (2004) in India, Upadhyay & Singh (2006), Khan et al. (2007), and Khan & Rizvi (2008) observed that though reliable, the scale was not valid in the context of India.

2.5 The Relationship between Consumer Ethnocentrism and Other Constructs

Studies reveal that ethnocentrism is closely related to a number of socio-psychological variables, such as cultural openness, consumer nationalism, internationalism, patriotism, conservatism and collectivism/individualism (Forbes, 1985; Hui & Triandis, 1986; Daser & Meric, 1987; Han, 1988; Han & Terpstra, 1988; Triandis, Brislin, & Hui, 1988; Herche, 1994; Sharma et al., 1995; Nielsen & Spence, 1997; Shimp & Sharma, 1987; Balabanis et al., 2001; Moon & Jain, 2002). Sharma et al. (1995) identified a negative relationship between cultural openness and consumer ethnocentrism. They defined cultural openness as awareness, understanding, and acceptance of other cultures. They based their research on earlier country-of-origin studies, which demonstrated that the more a consumer had been exposed to foreign cultures, the more the consumer was willing to accept imported goods (Howard, 1989). In a later study, Balabanis et al. (2001) found no relationship between ethnocentrism and internationalism. However, though related to cultural openness, internationalism is more a concern about the welfare of people of other countries and as such may not have a strong effect on a personal, purchase-related decision.

Given that it has been proved that patriotism (pride in one’s own country) has a significant effect on choosing between national and foreign products, it is to be expected that consumer ethnocentrism influences choice likewise (Forbes, 1985;
Daser & Meric, 1987; Han, 1988). Consumer ethnocentrism carries the notion of consumers' patriotic emotions (Herche, 1994) and is high when a consumer is emotionally involved/engaged when buying imported products (Crawford & Lamb, 1981). Han & Terpstra (1988) showed that consumers' patriotic emotions play a significant role in their choice of domestic versus foreign products. Patriotism was investigated by country-of-origin researchers to identify effects on preferences for domestic over imported goods (Wang, 1978; Hooley, Shipley & Krieger, 1988; Howard, 1989). Han (1988) and Sharma et al. (1995) confirmed the effects of pride on ethnocentrism in a study which found that patriotic consumers tended to be more ethnocentric than nonpatriotic consumers. Nielsen & Spence (1997) obtained similar results for consumers who had not served in the military.

Balabanis et al. (2001) found that patriotism had a positive relationship with ethnocentrism, but only for one of the two samples surveyed. They concluded that the effect of patriotism on ethnocentrism may vary from country to country, often because of historical events. Along these same lines, the existence of a relationship between dogmatism and a preference for foreign products has been shown (Anderson & Cunningham, 1972), along with a relationship between dogmatism and a preference for products from culturally-similar countries (Tongberg, 1972). This is coherent with the link between dogmatism and patriotism (Chesler & Schmuck, 1964, 1969). Shimp & Sharma (1987) noted that consumer ethnocentrism correlates with patriotism, politico-economic conservatism, and dogmatism. Accordingly, a consumer who has a high ethnocentric tendency will be dogmatic and not open to foreign culture, so s/he will have generally unfavorable attitudes toward particular foreign countries (Moon & Jain, 2002).

A positive relationship was found by country-of-origin researchers between conservatism and attitudes toward foreign products (Anderson & Cunningham, 1972; Wang, 1978). A conservative consumer typically exhibits characteristics such as religious fundamentalism, pro-establishment orientation, insistence on strict rules and punishments, preference for the conventional, and anti-hedonic outlook (Wilson & Patterson, 1968). Based on these findings, Sharma et al. (1995) concluded there is a positive relationship between ethnocentrism and conservatism.
Collectivism/individualism is another socio-psychological variable used in past research as an antecedent to consumer ethnocentrism. In the field of psychology, extensive research has revealed differences between collectivist cultures and individualistic cultures (Hui & Triandis, 1986; Triandis et al., 1988). Collectivistic persons are likely to show ethnocentric tendencies because they consider their actions in relation to their societal group. Individualistic persons, on the other hand, will act for their own benefit and will show lesser degrees of ethnocentrism. These findings were confirmed in a study conducted by Sharma et al. (1995). These researchers found that collectivistic consumers show more ethnocentric tendencies.

For many authors, the choices of the consumer are often influenced by factors of an emotive nature; factors that can be, under certain circumstances, quite independent of knowledge (Bettman, 1981; Cohen, 1981; Zajonc & Markus, 1982; Gardner, 1985). From this "affective" paradigm of information processing, it would seem that consumers tend to evaluate national and foreign products differently depending on their level of ethnocentrism. However, it has been shown that the strength of emotions when evaluating products varies from one person to the next (Bettinghaus, 1973; Burnett & Wilkes, 1980). Therefore, the impact on evaluations as regards emotions based on dogmatism, patriotism or ethnocentrism can equally vary (Stayman & Deshpande, 1989). Generally, the effect of ethnocentrism on consumer behavior can be determined by certain conditioning factors such as previous states or social background (Waheeduzzaman & Marks, 1989).

Empirical studies on consumer ethnocentrism have attempted to explore its product-specific nature with respect to the level of product involvement, perceived product necessity and the extent to which foreign-made products represent a perceived threat to consumers’ personal welfare or that of the nation (Kaynak & Cavusgil, 1983; Herche, 1992, 1994; Sharma et al., 1995; Lee & Ulgado, 1996; Ruyter et al., 1998). Researchers have also tried to assess the applicability of the concept to the service industry (Freeman & Jahshan, 2001, Speece & Pinkaoe, 2002, Nijssen & Herk, 2005).

Consumer ethnocentrism concept and the CETSCALE largely contribute to the growing body of knowledge about country of origin effects (Shimp & Sharma, 1987; Netemeyer et al., 1991; Sharma et al., 1995). Some studies have shown the
existence of an important interaction of consumer ethnocentrism and country of origin on consumer attitudes (Bilkey & Nes, 1982; Myers, 1995). More specifically, it was found that ethnocentric consumers were less likely to prefer Japanese cars over domestically produced automobiles (Shimp, 1984; Stoltman, Lim & Morgan, 1991; Douglas & Boeckman, 1987). Consumer ethnocentrism is often confused with “country-of-origin bias” although the two topics are distinct and independent of each other (Shankarmahesh, 2006). Table 2.1 presents a marketing mix strategy that can be used to manage COO effects. From the table one can infer that if the COO effects are positive in a country, the country can take advantage of this effect and can emphasize on the product’s origin. As consumers have a positive image for the country, they are ready to pay any price for the product. Manufacturers can set the price of the product as per their choice. They can use promotional themes and campaigns that highlight the ‘Made-in’ label for their product. On the other hand, if the origin of the product has a negative image, firms should focus more on their brand names and set a reasonable price of the product so as to attract the customers. They should establish supply chain partners as the consumers may directly be not aware then of the origin of the product. If they set up an exclusive location, it may have a distinct identity and this may not be an appropriate strategy to target the consumers having a negative image of the product.

Table 2.1: Marketing Mix Strategy to Manage COO Effects.

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<tr>
<th>Marketing Mix</th>
<th>Country Image</th>
<th>Positive</th>
<th>Negative</th>
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<tbody>
<tr>
<td>Product</td>
<td>Emphasize ‘Made-in’</td>
<td>Emphasize Brand Name</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td>Premium Price</td>
<td>Low price to attract Value</td>
<td></td>
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<tr>
<td>Place (Channel of Distribution)</td>
<td>Exclusive Location</td>
<td>Establish Supply Chain Partners</td>
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<td>Promotion</td>
<td>Country Image</td>
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<td></td>
<td>Nation Sponsored</td>
<td>Manufacturer Sponsored</td>
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However, Stoltman et al. (1991) showed that consumer ethnocentrism did not have an overpowering influence on the judgments and choices of consumers and may, in reality, operate dynamically or contingently. This study demonstrates that consumer ethnocentrism can be, to a certain extent, situational, in relation to its true manifestation in consumer behavior. Moon & Jain (2002) found in their study that
consumer ethnocentrism affects country attitudes and country-of-origin perceptions negatively.

The relationship between ethnocentrism and purchase behavior has been investigated in several studies. Herche (1992) found that, for US owners of autos and PCs, the CETSCALE was a better predictor of import buying behavior than demographic variables. Studies have revealed that consumer ethnocentrism affects actual purchase behavior and that consumers who claim that they consciously buy domestic products in fact purchase more domestic products (Garland & Coy, 1993; Shoham & Brencic, 2003). However, McLain & Sternequist (1991), in a post-purchase survey, found that US consumers exhibiting high levels of ethnocentric tendency were no more likely to purchase domestic products than consumers with low levels of ethnocentric tendency. In another study of Russian and Polish consumers by Good & Huddleston (1995), there was no significant relationship between ethnocentric tendency and purchase intent for apparel products from different countries.

Hamin & Elliott (2006) found in their study that the consumer ethnocentric scores, while indicative of general consumer sentiment, may not be a reliable predictor of actual purchase behavior. Fischer & Byron (1997) also arrived at similar conclusions based on their study. In their study on Australia, Elliott, Cameron & Acharya (2003) found that for the majority of the population, consumer ethnocentrism was not a major factor influencing the choice of the domestic product. While in their study focusing on Czech Republic, Orth & Firbasova (2002) found that it was a strong and significant predictor of consumer product evaluations. Chakrabarty & Conrad (2004) found in US that neither does consumers’ level of involvement in products generally moderate the effect of ethnocentrism on purchase intentions, nor does consumers’ perception of quality. Recently, Nguyen, Nguyen & Barrett (2008) found in Vietnam that consumer ethnocentrism is negatively related to product judgment vis-à-vis imported products and positively related to intention to purchase local products.

Theoretically, it has frequently been suggested (Shimp & Sharma, 1987) that high levels of national heritage, or a sense of cultural homogeneity, would be associated with a tendency toward ethnocentrism. Therefore, ethnocentrism was included in the national identity framework as a means of accounting for the importance placed on
maintaining culturally-centered values and behaviors (Keillor & Hult, 1999; Cui & Adams, 2002, Phau & Chan, 2003). Researchers have also associated the idea of ethnocentrism with nationalism (Han, 1988; Hung, 1989), xenophobia, national or racial superiority (Adorno et al., 1950; Cashdan, 2001) and animosity (Klein et al., 1998; Klein & Ettenson, 1999; Crnjak–Karanovic, Pecotich & Renko, 2005).

Apart from studies related to these variables, consumer ethnocentrism has also been used with other variables. A study done by Kaynak & Kara (2001) found significant relationships between the lifestyle dimensions of Kyrgyz and Azeri consumers and their ethnocentric levels. As Kyrgyz and Azeri consumers become more fashion conscious, more adventurous and more perfectionist, they became less ethnocentric. On the other hand, as Kyrgyz and Azeri consumers became more homemaker, more community-oriented, more price-conscious and more dependent, they became more ethnocentric. Similarly, Kucukemiroglu (1999) and Kucukemiroglu, Kara & Harcar (2005) found in their study that several lifestyle dimensions exist among Canadian and Turkish consumers, respectively which have an influence on their ethnocentric buying tendencies. Another study conducted in Russia by Supphellen & Gronhaug (2003) found that the effect of Western brand personalities on brand attitudes depends on the level of consumer ethnocentrism in the target market. Balabanis et al. (2002) in their study showed that human values are a better predictor of consumer ethnocentrism.

2.6 Consumer Ethnocentrism and Demographics

Studies related to import purchasing behavior and consumer ethnocentrism have looked at the demographics of the respondents as a separate set of antecedents. The advantage of using demographic antecedents lies in the opportunities of segmenting consumers according to their favorable and unfavorable disposition to foreign products (Shankarmahesh, 2006). In this context, studies by Al-Sulaiti & Baker (1998) and Shankarmahesh (2006) regarding demographic variables are worth mentioning. Numerous efforts have been made to understand association between age, income, occupation, education and gender vis-à-vis ethnocentric tendency.
In particular, consumer ethnocentric people reflect significantly lower education, income, and social class levels (Shimp, 1984). In the first examination of the consumer ethnocentrism concept, Shimp & Sharma (1987) classified respondents into ‘ethnocentrics’ or ‘nonethnocentrics’ based on their responses to the question, ‘Please describe your views of whether it is right and appropriate for American consumers to purchase products that are manufactured in foreign countries.’ Consumer ethnocentrics were found to have significantly lower educational achievements, incomes and social class attainment than nonethnocentrics. On the other hand, consumers with relatively higher levels of income and education were more likely to be nonethnocentric. Therefore, consumer demographics are considered to have an impact on consumer ethnocentrism (Durvasula et al., 1997).

2.6.1 Age

The argument for a positive relationship between age and CETSCORE is based on increased cosmopolitanism in recent years and its socio-cultural influence on the belief patterns of the youth (Shankarmahesh, 2006). Though empirical evidence is mixed. In most of the studies, it has been established that older people are more ethnocentric than younger people because of their conservative views, their preference for domestic products and negative attitude toward foreign products, and they are less inclined toward imports (Schooler, 1971; Bannister & Saunders, 1978; Wall & Heslop, 1986; Han, 1988; Wall et. al., 1988; McLain & Sternquist, 1991; Nielsen & Spence, 1997; Vida & Plassman 1998; Kucukemiroglu, 1999; Vida & Fairhurst, 1999; Huddleston, Good & Stoel, 2000; Balabanis et al., 2001, 2002; Orth & Firbasova, 2002). Similar results were obtained by Douglas & Nijssen (2003) in The Netherlands.


Falkowski, Roznowski & Witkowski (1996) found that age was statistically significant correlate of ethnocentrism. Similarly, Orth & Firbasova (2002) found that age was the most significant predictor while evaluating the product used in their study. Piron (2002) found that age is a variable with high discriminating power among consumers in terms of their ethnocentrism. Yu & Albaum (2002) found in Hong Kong that age was able to distinguish between the high and low ethnocentric consumers.

However, in studies by Good & Huddleston (1995) in Russia, Sharma et al. (1995) in Korea, Bandyopadhyay & Muhammad (1999) in India & Bangladesh, Klein & Ettenson (1999) in US, Balabanis et al. (2001) in Czech Republic, O'Cass & Lim (2002) in Singapore, Philp & Brown (2003) in Australia, Bawa (2004) in India, Upadhyay & Singh (2006) in India, and Alami, Polyakova & Polyakov (2007) in Russia, statistically significant relationship between age and CETSCORE was not found. Similarly, Imbert, Jiddou, Kumar, Murillo & Zhao (2003) found that age failed to display a strong correlation, and showed that the less ethnocentric groups were the “mid-aged” (25 to 35 years old) for both Russia and the United States. However, the younger and older groups were highly ethnocentric indicating that age is not a strong predictor of CETSCORE.

Other studies say that older people tend to evaluate foreign products more favorably than do younger people (Smith, 1993; Bailey & de Pineres, 1997). Grant & Wren (1993) found in US that older students tend to report less ethnocentric bias, indicating that age is negatively related to ethnocentrism. Similar results were reported in studies done by Schooler (1971), Bannister & Saunders (1978), and Clarke et al. (2000).
2.6.2 Income

Income was found as an important demographic variable in many studies (Sharma et al., 1995; Falkowski et al., 1996; Piron, 2002; Bailey & de Pineres, 1997; Yu & Albaum), while it was found of questionable importance in studies conducted by Han (1990), McLain & Sternquist (1991), and Javalgi et al. (2005). Wall, Hofstra & Heslop (1990) found that there was a strong relationship between income level and positive attitudes towards imported products. Good & Huddleston (1995), Sharma et al. (1995), and Bailey & de Pineres (1997) found that the higher the income, the less likely it was that the consumer would buy domestic products. Also, high-income consumers were generally found to react more favorably toward foreign products and more negative attitudes towards domestic products (Wang, 1978; Wall & Heslop, 1986).

A majority of studies (Shimp & Sharma, 1987; Herche, 1992; Sharma et al., 1995; Bruning, 1997; Vida & Reardon, 1997; Kucukemiroglu, 1999; Vida & Dmitrovic, 2001; Lindquist et al., 2001; Balabanis et al., 2001, 2002) point to a negative correlation between income levels and CETSCORE. Additional studies done by Good & Huddleston (1995) in Poland, Klein & Ettenson (1999) in US, Supphellen & Rittenburg (2001) in Poland and Lee et al. (2003) in US, also displayed the same results. Increased income levels provide more opportunities for travel and purchase of foreign products thus resulting in more cosmopolitan views (Sharma et al., 1995). Watson & Wright (2000) found in New Zealand that respondents with high levels of consumer ethnocentrism were less wealthy than respondents with low levels of consumer ethnocentrism.

However, other studies have not been able to demonstrate significant relationship between income and consumer ethnocentrism (Han, 1988; Witkowski, 1998; Hamin & Elliott, 2006; Nguyen et al., 2008). While in the context of Russia, Good & Huddleston (1995) and Alami et al. (2007) did not observed effects of income on levels of consumer ethnocentrism. The relationship between higher income and lower CE was also not confirmed in Caruana & Magri's (1996) study. Ruyter et al. (1998) too found no significant positive relationship between income level and consumer ethnocentrism. Other studies (Tan & Farley, 1987; Clarke et al., 2000;
Balabanis et al., 2001) reported a positive relationship between income and CETSCORE.

2.6.3 Religion

According to Alami et al. (2007) factors such as religion may be have a significant bearing on the ethnocentric tendencies. As far as this demographic variable is concerned, not many studies have explored its impact on ethnocentrism. Two studies were reviewed and both had contrasting results. Kaynak & Kara (2002) found in their study on Turkey that religiosity does have an impact on consumer ethnocentrism. While Javalgi et al. (2005) in their study on France, found that religion does not have an important role to play in the understanding of purchase behavior. The paucity of literature concerning the variable necessitated the inclusion of this variable in the present study.

2.6.4 Socio-economic Status

To the extent social class is correlated with income, one can extend the conclusions regarding income and CETSCORE to social class. That is, one can hypothesize that ethnocentric tendencies tend to fall as consumers move up the social ladder (Shankarmahesh, 2006). This is what most of the studies have found for the income variable when related to ethnocentrism. Studies done by Shimp & Sharma (1987), Han (1988), Klein & Ettenson (1999), Nijssen et al. (1999), and Philp & Brown (2003) found support for the above hypothesis. However, studies done by Caruana & Magri (1996) and Bawa (2004) did not find any class differences in CETSCORES in India. Another important thing to note is that the results obtained for SEC should be given greater credence than those obtained for income owing to rampant misreporting of income in India (Bawa, 2004).

2.6.5 Education

One of the influential demographic variable that has an impact on ethnocentrism is the level of education (Festervand, Lumpkin & Lundstrom, 1985; Falkkowski et al., 1996; Yu & Albaum, 2002). But for a few exceptions, the findings on the relationship between education levels and CETSCORE have almost been consistently pointing to a negative relationship (Dornoff et al., 1974; Festervand et
al., 1985; Shimp & Sharma, 1987; Nishina, 1990; Herche, 1992; Sharma et al., 1995; Good & Huddleston, 1995; Caruana & Magri, 1996; Klein & Ettenson, 1999; Kucukemiroglu, 1999; Balabanis et al., 2001, 2002; Piron, 2002; Orth & Firbasova, 2003; Imbert et al., 2003; Philip & Brown, 2003). Bandyopadhyay & Muhammad (1999) also found negative relationship between educational level and consumer ethnocentrism in India. The underlying rationale is that more educated people are less likely to have ethnic prejudices (Watson & Johnson, 1972), tend to be less conservative (Ray, 1983, 1990), likely to be less patriotic (Rose, 1985), are more likely to have positive attitudes toward imported products (Greer, 1971; Schooler, 1971; Anderson & Cunningham, 1972; Dornoff et al., 1974; Wang, 1978; Festervand et al., 1985; Wall & Heslop, 1986; Al-Hammad, 1988; Wall, Liefield & Heslop, 1991; Good & Huddleston, 1995; Sharma et al., 1995) and are more negative towards quality of domestic products (Wall & Heslop, 1986).

Likewise McLain & Sternquist (1991) and Bailey & de Pineres (1997) found that as the education level increased, the level of consumer ethnocentricity displayed by the respondents decreased. Witkowski (1998) found in their study that education was negatively correlated for both the Mexicans and Hungarians but was not significant for the Hungarians. Good & Huddleston (1995), Vida & Reardon (1997), Watson & Wright (2000), Vida & Dmitrovic (2001), Lindquist et al. (2001), Lee et al. (2003), and Hamin & Elliott (2006) found lower educated people to be more ethnocentric than people with higher level of education. Ruyter et al. (1998) and Chryssochoidis et al. (2007) found that persons with higher levels of education are significantly less consumer ethnocentric than persons with average/low educational levels.

However, studies such as Han (1988) did not find education to be a significant factor in explaining consumer patriotism. Balabanis et al. (2001) found no relationship between education and ethnocentrism in Czech. Studies done by Tongberg (1972), Javalgi et al. (2005), Alami et al. (2007), and Nguyen et al. (2008) did not support the contention that education level affects the level of ethnocentrism. Bandyopadhyay & Muhammad (1999) found that consumer ethnocentrism is not related to education in Bangladesh. In India, Bawa (2004) and Upadhyay & Singh (2006) also did not find any relationship between education and consumer ethnocentrism.
2.6.6 Gender

Gender has also played a role in differentiating the “made in” image (Wall & Heslop, 1986; Wall et al., 1989). Many studies support the proposition that women have higher ethnocentric scores than men (Bruning, 1997; Sharma et al., 1995). Females generally tend to show a more positive country of origin bias towards domestic products than males (Heslop & Wall, 1985; Lawrence, Marr & Prendergast, 1992; Good & Huddleston, 1995; Sharma et al., 1995). Studies in the United States (Howard, 1989) and Canada (Wall & Heslop, 1986) have shown that women rate domestic products more favorably than men. The underlying logic is that women are more conservative, conformist, patriotic (Eagly, 1978; Wall & Heslop, 1986; Han, 1988; Sharma et al., 1995) and collectively concerned about maintaining social harmony and positive feelings among group members (Triandis, Leung, Villareal & Clack, 1985).


However, some researchers have found no significant gender differences (Anderson & Cunningham, 1972; Dornoff et al., 1974; McLain & Sternquist, 1991; Caruana & Magri, 1996; Ruyter et al., 1998; Vida & Plassman, 1998; Balabanis et al., 2001; O'Cass & Lim, 2002). Similar results were obtained for Russian consumers (Good & Huddleston, 1995 and Alami et al., 2007), Bangladeshi consumers (Bandyopadhyay & Muhammad, 1999), consumers of Iceland (Bandyopadhyay & Saevarsdottir, 2001), consumers of Poland (Supphellen & Rittenburg, 2001), and
Vietnamese consumers (Nguyen et al., 2008). In India also, there were no significant differences between both the genders (Bawa, 2004 and Upadhyay & Singh, 2006).

There were few studies that have found men to be more ethnocentric than women (Bannister & Saunders, 1978; Imbert et al., 2003). Schooler (1971), Dornoff et al. (1974), and Hult et al. (1999) report that women have a more favorable evaluation of products coming from abroad than men.

2.6.7 Occupation

Wall & Heslop (1986) and Klein & Ettenson (1999) found negative relationship between occupation and consumer ethnocentrism. Caruana & Magri (1996) found that occupation has no effect on ethnocentrism. Similarly, Anderson & Cunningham (1972) found that the acceptance of foreign products did not increase depending on the occupation. In her study, focusing on India Bawa (2004) too did not find significant differences in the levels of ethnocentrism depending on the occupation of the respondents.

2.7 Consumer Ethnocentrism and Personality Theory

Personality has many meanings. In consumer studies, personality is defined as consistent responses to environmental stimuli (Kassarjian, 1971). Personality theories are meant to describe enduring patterns of behavior (Assael, 2001). Quite often, the focus is on aberrant, rather than, typical behavior. There are three major theories to measure personality: Psychoanalytic theory, Socio-psychological theory and Trait-factor theory. The theory of interest in the present case from the point of view of consumer ethnocentrism was the Trait-factor theory. Trait factor theory is a quantitative approach to personality, which postulates that an individual’s personality comprises predispositional attributes called traits. A trait is any distinguishable, relatively enduring way in which one individual differs from another (Blackwell et al., 2003).

As suggested by Loudon & Bitta (1993), there are three assumptions that delineate the Trait-factor theory:
1. individuals possess relatively stable behavioral tendencies,

2. people differ in the degree to which they possess these tendencies, and

3. when identified and measured, these relative differences between individuals are useful in characterizing these personalities.

It is assumed that traits are common to many individuals and vary in absolute amounts among individuals and therefore can be used to segment markets (Blackwell et al., 2003). Number of studies have used personality traits to segment markets (Assael, 2001). It is also assumed that these traits are relatively stable and exert fairly universal effects on behavior regardless of the environmental situation. It follows then that they can predict a wide variety of behaviors. The final assumption asserts that traits can be inferred from the measurement of behavioral indicators (Blackwell et al., 2003).

Some studies have used the CETSCALE to analyze the potential relationships between consumer ethnocentrism, consumer personality type and the components of subjective norms (Marks & Tharp, 1990). The CAD-Scale developed by Cohen (1967) was used to examine the relationship between consumer ethnocentrism and the type of personality. No correlation was found between consumer ethnocentrism and the three types of personality established from applying the CAD-Scale (i.e. compliant, aggressive and detached). Furthermore, it was hypothesized that personality type would mediate in the relationship between consumer ethnocentrism and subjective norms (Fishbein & Ajzen, 1975). Tharp & Marks (1990) found that both normative beliefs and consumer susceptibility to normative influences were closely related to consumer ethnocentrism. Those consumers who felt that their relevant others had negative opinions of foreign products scored higher on the CETSCALE.

Another prominent type of personality traits that have so far not been examined in relation to consumer ethnocentrism are the Big Five Personality traits. It is a multitrait personality theory that specifies several traits that in combination capture a substantial portion of the personality of the individual (Digman, 1990; John, 1990; Costa & McCrae, 1992; McCrae & John, 1992; Hawkins, Best & Coney, 2003). These traits have been found to be of great importance in understanding and
predicting human behavior (Roffe, 2005). Personality psychologists were asked to accept the specifics of the Big Five orthogonal factors and to use these factor dimensions as the conceptual structure for descriptively representing different personalities (Hu, 2004). The knowledge of these Big Five Personality traits is useful.

Consensus is emerging that a five-factor model of personality, often termed the “Big Five” (Goldberg, 1990), can be used to describe the many salient aspects of personality. For example, research shows that companies that use knowledge of personality as part of their selection procedures have higher productivity, less employee turnover, and higher employee satisfaction than those that don't (Roffe, 2005). The Big Five can be found in virtually any measure of personality (e.g., McCrae & John, 1992), including the analysis of trait adjectives in many languages, and decisions made by expert judges based on existing measures (Mount & Barrick, 1995). Evidence indicated that the Big Five is fairly heritable and stable over time (Costa & McCrae, 1988; Digman, 1989), although the environment undoubtedly plays a role. McCrae & John (1992) claimed that “we believe its long history, cross-cultural replication, and empirical validation across many methods and instruments make the five-factor model a basic discovery of personality psychology- core knowledge upon which other findings can be built”. The Big Five factor model has proven useful in such areas as understanding bargaining and complaining behavior (Harris & Mowen, 2001) and compulsive shopping (Mowen & Spears, 1999). There is evidence that it may have validity across cultures (Na & Marshall, 1999). The advantage of a multitrait approach like the Big Five Personality traits is the fuller picture it allows of the determinants of behavior (Hawkins et al., 2003). Thus, it was felt that there is a need to assess the relationship between the Big Five Personality traits and consumer ethnocentrism.

The dimensions composing the five-factor model are detailed as follows: Extraversion represents the tendency to be sociable, assertive, and experience positive affect such as energy, zeal, and excitement. Agreeableness is the tendency to be trusting, compliant, caring, and gentle. Conscientiousness comprises of two related facets – achievement and dependability – and has been found to be the major component of integrity. Neuroticism (inverse of emotional stability) represents the
tendency to exhibit poor emotional adjustment and experience negative affect such as anxiety, insecurity, and hostility. Openness is the disposition to be imaginative, unconventional, and autonomous (Hogan & Ones, 1997).

As cited in Loudon & Bitta (1993), Kassarjian & Sheffet (1991) after reviewing more than 300 personality studies conducted in consumer research found that although few studies indicate a strong relationship between personality and aspects of consumer behavior, some studies indicate no relationship and vast majority of studies suggest that if a relationship does exist, it is so weak that it is of little practical value to the marketers.

Consumer behavior researchers have seen drawbacks in using personality characteristics to explain purchasing behavior. Researchers largely abandon the use of personality measures after many studies failed to yield meaningful results (Solomon, 2007). Kassarjian (1971) and Solomon (2007) gave some limitations of personality measures. They explained that many instruments originally intended to measure gross (overall) personality characteristics such as sociability, emotional stability, introversion or neuroticism to make predictions about purchases of specific brands. Personality tests are often developed for specific populations (e.g. mentally ill people), these test are then borrowed and applied to general population where their relevance is questionable. In other words, the variables that lead to the assassination of a president, confinement in a mental hospital, or suicide may not be identical to those that lead to the purchase of a washing machine, a pair of shoes or a chewing gum.

2.8 Degree of Consumer Ethnocentrism

Previous studies have investigated the degree of consumer ethnocentrism in the USA (Shimp & Sharma, 1987; Durvasula et al., 1997), Germany, France, Japan (Netemeyer et al., 1991), Russia (Durvasula et al., 1997), New Zealand (Watson & Wright, 2000), Mexico, Australia, France & US (Clarke, 2001), Australia (Acharya & Elliott, 2003), and Yugoslavia (Vida & Dmitrovic, 2001). Recent studies have been conducted in India and Russia (Ghose, 2001a), India and China by Pereira et al. (2002), Russia and US by Imbert et al. (2003), Australia by Philp & Brown
(2003), the Czech Republic by Orth & Firbasová (2003), China by Wang & Chen (2004), Israel by Shoham & Brencic (2003), India by Bawa (2004), Indonesia by Hamin & Elliott (2006), Australia by Ettensohn & Klein (2005), India by Upadhyay & Singh (2006), Australia by Yelkur et al. (2006), Greece by Chryssochoidis et al. (2007), India & Pakistan by Khan et al. (2007), and India by Khan & Rizvi (2008), to name a few. The degree of consumer ethnocentrism among the consumers can be easily interpreted from the total CETSCORE. The mean scale value of CETSCALE is taken as the indicator of the intensity of ethnocentrism.

2.9 Consumer Ethnocentrism in India

A thorough review of literature revealed that very few studies have been conducted on consumer ethnocentrism in the Indian context (Ghose, 2001b; Bawa, 2004; Upadhyay & Singh, 2006; Khan & Rizvi, 2008). Cross cultural studies have been conducted by Anwar (2002) and Khan et al. (2007) in India and Pakistan, Bandyopadhyay & Muhammad (1999) in India and Bangladesh, Ghose (2001a) in India and Russia, and Pereira et al. (2002) in China, Taiwan and India.

The studies conducted in India (Bawa, 2004; Upadhyay & Singh, 2006; Khan & Rizvi, 2008) did not find the scale to be unidimensional. They also reported that the level of ethnocentrism in India was comparable to the samples of the developed world. Further, Bawa (2004) discussed that socio-demographic variables fail to adequately explain the phenomenon of consumer ethnocentrism in India. Upadhyay & Singh (2006) found in India that the ethnocentric tendency of Indians is not associated with their age, gender and educational level. The findings correspond to findings of many other studies (Wang, 1978; Tongberg, 1972; Dornoff et al., 1974; Vida & Plassman, 1998), which suggest that the impact of age, gender and level of education on ethnocentric tendency of people is insignificant.

Bandyopadhyay & Muhammad (1999) found the scale to be unidimensional both in India and Bangladesh. Similarly, Anwar (2002) also found the scale to be unidimensional in India and Pakistan. However, Khan et al. (2007) did not find the scale to be unidimensional in India as well as Pakistan. As far as demographic variables are concerned, Bandyopadhyay & Muhammad (1999) found in their study
that there was no relationship between age and ethnocentrism in both India and Bangladesh. They also found that ethnocentrism varied with gender and educational level in India, but not in Bangladesh. Ghose (2001a) found significant results in India but not in Russia with respect to consumer ethnocentrism and favorable country of origin image. Pereira et al. (2002) found that Chinese consumers showed more ethnocentric tendencies than Indian consumers.